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MASTERING THE KREMLIN SCHOOL OF NEGOTIATION

Better ten years of negotiation than one day of war.

— ANDREI ANDREYEVICH GROMYKO,
former Soviet Ambassador to the United Kingdom

What is negotiation – a science, or an art? Many will argue that of course it’s a science: after all, there are clear laws, refined systems and methods that, once mastered, give you everything you need to become a good negotiator. Which is undoubtedly true. Others, however, will argue that of course it’s an art: after all, not everyone needs these laws – some people are just born with it. These people don’t simply *know* how to negotiate, they *feel* it, and they can negotiate at any time, with anyone and about anything, with great success. Their words and gestures are like Picasso’s brush strokes. This is also true. But this gift isn’t given to everyone, no matter how many people aspire (and diligently study) to reach Picasso’s heights. Which is why I believe that negotiation

is both an art that is inseparable from the individual, and a science consisting of clear-cut laws, concepts and goals.

IDENTIFYING YOUR NEGOTIATION OPPONENT'S GOALS AND MOTIVES

Essentially, negotiation can be viewed as a sort of sport: after all, sport is the place where art and science intersect. But, just as becoming a professional sportsperson requires constant work and regular training, no single book or course will make you a great negotiator. Only you can do that. So, dear reader, view this book as something of a description of the training process. Everything else is down to you. The more you practise, the more noticeably your skills will improve, and the more achievable your goals will become. What form this practice takes is up to you. Whether you practise through drills or at club meetings, with sparring partners or in the workplace, there is only one rule: the more you practise, the better the results.



Consider the question:
is it possible to win or lose negotiations?

Many schools of negotiation maintain that yes, negotiations can – and must – be won. There is even the oft-prescribed approach of the ‘win–win’ negotiation, which we’ll talk about later. Others maintain that the key to negotiating is never losing; that victory is paramount.

My point of view (and of this I am convinced) is this:



Negotiations **cannot** be won or lost. What you **can** do, however, is determine exactly where you are in the negotiation process, and what the next steps need to be.

It is very dangerous to view the negotiation process from a win/loss perspective, for several reasons. Firstly, when our minds are fixed on the win or loss at hand, we focus on tactics at the cost of strategy. Negotiations become duels, and negotiators duellists. Secondly, in the grand scheme of things, something deemed a 'win' isn't necessarily good, nor a 'loss' necessarily bad: it's impossible to predict how agreements will affect future processes. No one knows what the future holds; all we can do is guess. And while today we may be celebrating an apparent negotiation 'win', tomorrow we may be lamenting such a bad deal. I can give you any number of examples of this.



An acquaintance of mine did some – to his mind very successful – negotiating with a travel firm, and secured a nice discount on a group tour. He thought he had **won** that negotiation. However, two days later the travel firm went bust, leaving him out of pocket and down a trip. So does that then mean he **lost**?

I spent years working in the drinks distribution market, and have seen many similar situations first-hand. For example, after drawn-out negotiations with one major seller, my team was delighted to finally sign our contract. ‘We’ve won, we’ve done it, we’ve got the contract!’ we thought. But not long afterwards the other company went under, without paying us in full for products we had already supplied. What could we do? This is why it is extremely important to always know what your next step after negotiations is going to be.



Negotiations aren’t the final round in a bout to determine winner and loser; they are a **process** – at times a very long one. This is why from the start you need to rid your mind of any thoughts of negotiations as just another round in a duel. Negotiations should only ever be viewed as a process.

Rudolph Mokshantsev, author and PhD, suggests that negotiations are a complex process comprising:

- the pursuit of an agreement between people with differing interests;
- the discussion of parties’ differing positions in order to find an acceptable solution;
- debate between two or more parties in order to overcome incompatible goals;
- the trading of concessions, in which one party’s concession is a direct and calculated response to a preceding concession from the other party;

- ongoing communication between parties with differing and intersecting interests, through which the parties either reach an agreement or fail to do so, depending on the expected implications of such an agreement.

Negotiations presuppose a dialogue between equal partners that are relatively independent of one another, although in reality this may not be the case.

Negotiations as a dialogue between parties that may lead to an agreement

If we are to speak of negotiations as a science, then the science of negotiation is grounded in mathematics and psychology. The weight accorded to each of these two sciences in the negotiation process will depend on the sphere in which these negotiations are being held. In diplomatic negotiations, for example, mathematics – that queen of sciences – holds particular sway, although psychology shouldn't be discounted completely. In business negotiations, on the other hand, the balance of mathematics and psychology tends to be roughly fifty-fifty, whereas in domestic negotiations psychology is generally the guiding factor.

Some negotiation models based on theory alone urge us to approach negotiation from a place of logic, to put the psychological aspect to one side. An example of this is the suggestion that negotiators find the 'mean' solution as a compromise.

While straightforward enough in theory, this task can be a dead end in practice. Let's say a seller names a price of 10,000 roubles for a product, expecting to sell it for somewhere between 8,000 and 9,000 roubles. A buyer makes them a counter-offer

of 8,000 roubles, although they are actually prepared to pay somewhere in the region of 8,500–9,500 roubles. From a theoretical perspective this is all very straightforward: we simply add the two and divide them to get a mean of 9,000 roubles. And, as I'm sure you'll agree, this all looks perfectly lovely – in theory. But in the real world, things are far more complicated.

Ivan and Fyodor are negotiating the sale/purchase of a car. Ivan is selling his car for one million roubles, but Fyodor only has 800,000. So Fyodor phones Ivan and says, 'Vanya, buddy, I'll give you 800 grand.' Ivan, having weighed up his own interests against the logic of compromise, immediately agrees.

On the face of things, this is a fair, successful negotiation. We could even go so far as to call it ideal: both sides get what they want. Both Ivan and Fyodor should be very pleased. They should both feel like winners. But this is just at first glance.

Now, try to put yourself in Fyodor's, the buyer's, shoes. Sure, you got what you wanted for the money you had, and you didn't even have to rack your brains to find some extra cash (as you would have done had Ivan dug his heels in a bit more). But didn't you stop to think how strange it was that Ivan suddenly cut his price by 20 per cent? This question will soon become a torment. 'Why would he agree to my price so quickly? There must be something wrong with the car . . .' And with that, your new car – the one that mere hours ago gave you such joy – is causing you pain, filling you with doubt and anxiety.

Now put yourself in Ivan's, the seller's, shoes. You will also be tearing yourself apart. 'Why did I agree to his price so quickly?' you'll ask yourself. 'Obviously I wasn't expecting the full million, but I could have wrangled another 100,000 roubles from him, 50k at least.'

So where does that get us? It appears that even ideal negotiations are far from perfect in practice. Neither side of this deal came away fully satisfied.

Studies have shown that the probability of reaching a square deal like this one is 0.16, or 16 per cent. But because this probability is actually twice as high as that of striking a deal through a model that involves a more gradual narrowing of differences (which is 8 per cent), many negotiators plump for this option. However, for the most part, the results of these 'square deals' are later called into question. Psychology gets in the way. Whereas a model involving a gradual narrowing of differences puts psychology front and centre right from the start, a reliable companion and aide during the negotiation process.



People aren't computers. We all have emotions.
It is crucial to view your opponent as
a subject rather than an object.

At times, we reject even interesting proposals made by our opponents without quite being able to explain why. Of course, we will eventually find ourselves some sort of explanation. 'But how were we supposed to take that coming from an opponent? It's common sense that they would do such-and-such instead!' Well, yes, logically speaking. But then emotions come into play. This is why specialists highlight three vectors as being particularly important to the negotiation process. It is these three vectors in particular that we will study over the course of this book. These are:

- the ability to defend one's interests;
- the ability to manage one's emotions; and
- the ability to manage the emotions of others.

Negotiations are, above all, a process. With this process in mind, we must identify both the type of negotiations we are taking part in and our opponent's motives.

Many sales specialists believe that if a buyer invites them to negotiations it means the buyer is automatically *interested* in doing business with them, and that this will therefore be the purpose of the negotiations. This is a rookie mistake.



For several months, Andrei, the manager of a company selling construction materials, has been negotiating with the procurement manager of a construction company. Andrei knows for a fact (nor is the buyer hiding this) that the construction company is currently buying its materials from a competitor. During these negotiations, the procurement manager has repeatedly stressed that they enjoy working with this competitor. They are happy with the quality and price that the competitor offers, as well as their fast service. The buyer isn't refusing to negotiate with Andrei, but they never manage to get down to the nitty-gritty. Andrei keeps on offering them discounts, shares and better terms, all in the hope of poaching their business. After four months of futile efforts, Andrei learns by chance that the buyer has been using his quotes to get better terms from the competitor.

In this example, it is clear that the buyer's motives have nothing to do with a future partnership, but Andrei doesn't see what is really driving the discussions and so falls straight into the trap.

This happens quite a lot. A man decides he wants the best possible deal on a car, and so conducts his own pseudo request for tenders. He goes to every car dealership in town, using one single phrase to get the best possible price: 'Your rival offered me a better deal.' He is, in effect, putting his competitors head to head. The dealership managers, believing he's negotiating because he intends to buy from them, get caught in his net.

Fred Charles Iklé, an American sociologist, political scientist and author of books including *Every War Must End* and *How Nations Negotiate*, outlines the following types of and motives for negotiations:

- **Negotiations with a view to extending existing agreements.** Such negotiations are often held in the trade sphere to extend the validity of a contract, or to add certain clarifications or changes to a new contract to reflect the current state of affairs. Such negotiations are also not uncommon when extending labour contracts.
- **Negotiations with a view to normalising relations.** These presume a transition from a conflict situation to a different relationship between the parties (neutrality or co-operation).
- **Negotiations with a view to finalising redistribution agreements.** These negotiations are when one party takes an aggressive position and demands changes to agreements that are to their advantage, at a cost to other parties. Such negotiations take place when haggling over a price or other material resources – an increase or decrease in rent, for example.

- **Negotiations with a view to reaching a new agreement.** These are intended to establish a new relationship and new obligations between parties. Negotiations with a new partner, for example.
- **Negotiations with a view to gathering information.** Indirect results may not be reflected in agreements, and in some cases the negotiations may not even lead to an agreement at all. Examples of this type of negotiation include talks to establish contact, identify partners' points of view or influence public opinion.

Iklé wrote his books in the twentieth century. In light of present-day practice, we can extend this list to include:

- **Negotiations with a view to misleading an opponent.** These are, quite simply, an imitation of the negotiation process. Opponents often enter the negotiation process and deliberately draw it out, safe in the knowledge that time is on their side. In this type of negotiation, every one of your proposals will be met with a 'maybe', a 'we'll need to consult on this' or similar.
- **Provocation.** Negotiations with a view to showing the other party's inability to negotiate.

It is very important to identify your opponent's primary motive in the early stages of the negotiation process, and to use this knowledge when deciding on your next steps.



I once acted as a mediator in negotiations to settle a dispute between two companies and a bank. The dispute concerned a joint debt repayment for an enterprise that had gone bankrupt.

Every meeting came to nothing, but our opponent kept on initiating negotiations, declaring their willingness to settle the matter in a 'constructive' manner. Yet when it came to the negotiating table, the same party kept putting forward absurd demands. Whenever the talks broke down, we couldn't understand what was preventing us from reaching an agreement. Then it dawned on us: our opponent simply didn't want to share their part of the debt. Their goal was to avoid it. Meaning their main task was to prove our inability to negotiate. Once we'd figured out their real motive, we were able to fundamentally change the course of the negotiation process.



The negotiator's primary task is to identify what type of negotiations their opponent is leading and, with a better understanding of the process at hand, to select an appropriate negotiation strategy.

WHO IS STRONGER IN NEGOTIATIONS – THE LION OR THE FOX?

Some five hundred years ago, Niccolò Machiavelli – that great bard of public administration – wrote:

Since a ruler has to be able to act the beast, he should take on the traits of the fox and the lion; the lion can't defend itself

against snares and the fox can't defend itself from wolves. So you have to play the fox to see the snares and the lion to scare off the wolves. A ruler who just plays the lion and forgets the fox doesn't know what he's doing.¹

Now, I realise that the negotiator is no ruler, but negotiation carries with it the same requirement to *get smart*, shall we say.

I have already mentioned how, in negotiation, two points are particularly important. One is the ability to defend one's interests. As far as Machiavelli goes, this is pretty much comparable to the ability to be a lion. But the ability to be a lion is not enough on its own, as you might not notice the snare.

The thing is, when we defend our own interests, we can inadvertently lay down our own snares – the very ones Machiavelli warns against. What snares are these, you ask? Emotions. Emotions that prevent us from defending our interests, progressing and realising our goals. To use our emotions the right way, we need to play the fox. Together, these abilities are key to negotiation. Like a ruler, a negotiator should take on the traits of the lion as well as the fox.

In other words, the ability to play the fox as well as the lion lies at the heart of effective negotiation.

Before exploring the methods and tactics for defending one's interests (à la the lion) and managing one's emotions (à la the fox), I would first like to look at one of the toughest and most brutal schools of negotiation. Yes, you read that right. Brutal.

Legend has it that this school was born in Russia in the 1920s, and it still has its followers and advocates to this day. It is known by many as the Kremlin school of negotiation.

So what is it? Before answering this question, we should note

that this was a school born of the Soviet Union, a country under constant external pressure. A country whose diplomats, no matter where they were stationed, had to show real toughness and decisiveness simply to withstand such pressure.

Andrei Andreyevich Gromyko, one of the most prominent diplomats and political figures of the age, was a master of the Kremlin school of negotiation. A remarkable man, and a diplomat of his time, he outlived virtually every General Secretary of the Communist Party of the Soviet Union. His diplomatic career started young, when he was just thirty, and, under Joseph Stalin's rule, at an extremely precarious time. Gromyko's first major posting was as the USSR's ambassador to the USA.

What is this man known for? Well, in the West, he earned himself the nickname *Mr Nyet*, meaning 'Mr No'. You can probably guess why. Yet the man himself maintained that he heard the word 'no' much more often than he said it. And if he did say it, it was almost always with one sole aim: to prevent himself from being manipulated. Or rather, not himself, but the country he was representing. The ability to negotiate – including in its tougher and more brutal forms – was an integral skill for every diplomat of the time.

So what teachings does the Kremlin school of negotiation build on? This school is based on five postulates, or gambits. Let's take a closer look at each one.

The five postulates of the Kremlin school of negotiation

Postulate 1: keep quiet and listen attentively to what your opponent says
Keep quiet and listen. What's so tough – so brutal – about this, you ask? At first glance, nothing. Nothing at all. But let's take

a closer look. What happens when your opponent stays quiet and listens to you? You talk. When people listen to us – especially if they are attentive, taking note of what we say – we expose ourselves. To keep quiet and listen is to play human flaws to your advantage.

People are talkative. We toss ‘breadcrumbs’, unwittingly giving away unnecessary information, answering questions no one asked. Anyone who works in procurement will have mastered this ploy and will already know just how effective it is.

The dialogue below gives you an idea of how this gambit typically goes.



Sales representative (SR): I would like to present our product to you. Here is our business proposal.

Buyer (B): Yes . . .

SR: Well, initially we would propose our starting conditions, but after three months we can give you a longer payment window.

B: Go on.

SR: We can also offer you a discount – and a promotion.

B: Right.

SR: And free shipping.

Often all it takes is for us to listen for our opponents to start dishing everything up to us on a silver platter. But when we drop these information ‘breadcrumbs’, offering up insights we

haven't even been asked for, we make our opponent's task much easier and complicate things for ourselves.

When we listen, we win our opponent's favour. We make it clear that we are interested in what they have to say. And when a person sees their opponent show a genuine interest in what they have to say, it is only natural for them to start to reveal more, because they want to be as useful as they can. After all, it's so rare for anyone to actually listen to us nowadays!

However, don't let yourself get too relaxed. This is a very serious trap.

I agree with Eliyahu Goldratt, originator of the Theory of Constraints: in negotiations, it is important to be 'paranoid', so to speak² – always looking and planning for possible dangers. Every single word we say must be carefully weighed up. When we drop our metaphorical breadcrumbs, we give away extremely valuable information, presenting our opponent with a hook that they will most certainly use to reel us in.



An example from the Second World War: after the Soviet Union's entry into the war, the prospect of the opening of the second front became a key question. For the Soviet Union in particular, knowing when the USA and UK planned to do this was paramount. This issue came to a head in the run-up to the Tehran Conference, a strategy meeting of leaders of the USA, USSR and UK that took place between 28 November and 1 December 1943. All of the official Soviet agencies – including the secret service – were working around the clock to try to find out their allies' plans.

Not long before the conference in Tehran, Kirill Novikov, then acting Soviet ambassador to the UK in London, was instructed to urgently inform the UK Foreign Office that he was to be included in the Soviet government's delegation for the summit in Tehran. He was told to request permission to travel to Tehran with the UK delegation. Of course, he explained that there was no other way of him getting from London to Tehran. The British agreed.

Novikov flew on the same flight as Churchill, head of the British delegation. In Cairo, where the flight made a stopover, a dinner was served for Churchill. As the guests dispersed, Churchill offered the Soviet diplomat a drink 'for the road'. They had a friendly, unconstrained conversation, and Novikov gave the British Prime Minister his full attention, hanging on his every word. Out of the blue, Churchill asked, 'Mr Novikov, I suppose you want to know when we will open the second front?' before immediately continuing: 'Not before 2 May 1944.'

Novikov was stunned. All of Soviet reconnaissance had been straining to get this information, and he had just got it from Churchill himself.

Upon arrival in Tehran, Novikov wrote a quick memo and Stalin was immediately informed. So when discussion of the second front came up at the conference, he already knew the Western Allies' position, meaning he had an extra move up his sleeve. On 1 December 1943, the participants of the Tehran Conference signed a historic document announcing that Operation Overlord would be launched in May 1944.

Postulate 2: ask questions

The negotiator listens. Then they ask questions. In doing so, they can steer the conversation as their own interests dictate. Negotiators who find themselves listened to and asked questions will often take the bait and talk more; offer more.

This is a key moment in any negotiation. It is at this moment that the opponents are assigned their first roles. We will go into roles in more detail later, but for the time being I would just like to highlight a few key points.

At this early stage of negotiation, it is through tactics like these that the first negotiation roles are assigned: namely, those of 'host' and 'guest'. The 'host' is the one who asks the questions; the 'guest' is the one who answers them. The 'host' enquires; the 'guest' offers. And with this, that most well-known pair of roles begins to take root: you offer me something, and I'll choose if I want it. I am the 'host'.

When you entertain a guest in your home, you get to ask the questions. But remember: in negotiations, the *host* isn't the party doing the hosting in a geographical sense, but the person asking the questions. The *host* is the one who controls the agenda, even if their opponent believes the opposite is true. The opponent thinks that because they are doing all the talking, they must be running the show. They equate talking with leading. Not so. The person controlling the conversation is the one asking the questions; the one listening.



Negotiations in an official's office:

Visitor (V): We would like to ask you to free up some land for us to construct a supermarket.

Official (O): What do you plan to sell?

V: Consumer goods. These are important items for residents, and we have experience in this retail segment.

O: Tell me more.

V: Well, we have had branches operating in many Russian regions since 2000, and we have a wealth of experience and positive reviews.

O: And in this region?

V: None as yet.

O: Then come back to me when you do.

From the very first second, the official takes on the role of 'host', asking their 'guest' a variety of questions before coming to a decision – the one that is most advantageous to them.

In my experience, this is often a point of confusion for many retailers. 'Where did I go wrong?' they will ask. 'I gave them all the information they wanted and politely answered their questions, but in the end they went with someone else.' To which I answer: when we answer questions, we become the 'guest'; we give our opponent the role of 'host' and, in doing so, the right of refusal. And, having won that right, the buyer is certain to make the most of it.

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You must fight for the role of ‘host’. This is crucial. If you feel you’re being asked more questions than strictly necessary, know that with every question asked you are being drawn further from your goal. So you must break this chain and seize back the initiative through counter-questions.

Let’s see how some well-placed counter-questions could have led to a very different outcome in the dialogue above.



V: We would like to ask you to free up some land for us to construct a supermarket

O: What do you plan to sell?

V: Consumer goods. These are important items for residents, and we have experience in this retail segment.

O: Tell me more.

V: Well, we have had branches operating in many Russian regions since 2000, and we have a wealth of experience and positive reviews. But tell me, do you think your residents would appreciate having a wide range of affordable goods within easy reach?

O: That’s an interesting question . . . I think so, perhaps.

V: I would be very grateful if you could take a look at our plans and give us your expert opinion. Would you prefer them by email, or on paper?

O: I prefer paper documents.

Through their counter-questions, the visitor wrests back the role of 'host' and in so doing puts themselves in a better position to progress in negotiations.



After answering a question,
always ask your opponent a counter-question.



On a packed metro carriage:

'Excuse me, are you getting off at the next stop?'

'Yes.'

'And are the people ahead of you getting off at the next stop?'

'Yes, don't worry.'

'Have you asked them?'

'Yes, I have.'

'And what did they say?'

'They said they're getting off.'

'And you actually believed them?'

Postulate 3: impose a scale of values or 'depreciate'

Next, whoever is playing 'host' will start to introduce their own

value system. This marks the next stage of negotiations. As soon as this scale of values has been introduced, the state of play changes completely. This is because the party in the role of 'host' can now raise up or pull down the 'guest' at will, based on their own values.



Three hundred prominent scientists have assembled in a large hall. A bag is brought into the hall containing fifteen items. The scientists have no idea what these items are. The contents of the bag are emptied onto a table, and the scientists are given the task of arranging the objects by order of significance. There is an added twist: these objects have all been retrieved from a shipwreck. The scientists are given thirty minutes to complete the task. After this time has elapsed, a man from a law enforcement agency (this is clear from his physique, appearance and way of holding himself) comes into the hall and asks the scientists if they have completed their task. Needless to say, they have not: three hundred scientists could not come to a consensus in such a short space of time. To which the man says, 'And you call yourself smart? You couldn't deal with such an easy task as that!'

Can you see how the scientists' sense of importance might suddenly take a dive?

But back to negotiation. Anyone who has worked in sales will probably have experienced the following situation more than once.

A buyer well-versed in negotiation methods takes a look at

your proposal, tosses it to one side and asks: 'So, what, you think you're unique? You think I can't get this anywhere else?' As intended, these comments will start to make you feel that bit smaller.

In another example, a boss says to his subordinate: 'What, you think you're a star or something? That you're the only one who can do this?'

Turning points like these almost always lead to one thing only: the person being addressed instantly slides a step or two (read: falls headlong) down their own scale of values.



A history exam at a university. The exam takes the form of an interview.

One student has paid the examiner a bribe of 1,000 roubles, the second 500 roubles, and the third nothing at all. The first student comes in for his exam. The examiner asks:

'In what year did the Great Patriotic War start?'

'1941.'

'Good. A.'

The second student enters and is asked:

'In what year did the Great Patriotic War start?'

'1941.'

'And when did it end?'

'In 1945.'

'Good. A.'

The third student enters and is asked:

'In what year did the Great Patriotic War start?'

'1941.'

'And when did it end?'

'In 1945.'

'And how many people died?'

'20 million.'

'Now name them all!'



A colleague is 'depreciated'

Maria is a driven young woman working in an in-house marketing and publicity team. She graduated from a top university and has five years' experience at some major firms behind her. But whenever she speaks to her manager, a forty-five-year-old man who likes to throw his weight around, he always says things like: 'Masha, dear, you probably don't have the experience for such a complex assignment yet,' or: 'Your degree's hardly going to cut it on an assignment like this.' Maria, meanwhile, is running around like a headless chicken trying to prove herself to her manager.

Postulate 4: 'roll out the red carpet'

Now you're probably wondering why Maria simply does her manager's bidding? Surely she knows a situation like this is unsustainable – how much should a person have to prove? That's because after 'depreciating' Maria, her manager always rolls out the 'red carpet' for her. Now, I don't mean a red carpet in the sense of a ceremonious greeting; view it as more of an appealing path to follow. Something along the lines of: 'Fine, Masha, if you insist, I'm prepared to give you a shot at this while I consider it. Just make sure . . .'

When a 'depreciation' puts someone in a subordinate role, it is only natural for them to feel somewhat uncomfortable in that position – which means they will do anything they can to get out of it. This is when a tough professional negotiator – like Maria's manager – will make use of the play we call 'rolling out the red carpet'.

As it happens, this play actually has its roots in an old Chinese stratagem.



Show your enemy there is a road to life

Government troops have surrounded a band of thieves in the mountains. The thieves are many in number, and they are well armed and well stocked with provisions. Despite suffering great losses, the government troops haven't been able to capture any of them. They turn to an old commander for advice.

The commander asks them about possible means of escape, and is assured that not even a mouse could get past the

government troops. To this he replies: 'Then of course they'll fight until the bitter end. Since you have cut off their road to life, all that remains for them is to fight to the death. Show your enemy there is a road to life! Surreptitiously leave a passage unmaned in an inconspicuous spot. The thieves are many in number, and they are all different. Some of them will regret their choices; others may have been recruited by force. And some of them will simply be cowards. Once they see a way out, they will run through it one after the other. And then even your average postal worker will have no trouble rounding them up!'

That is what they did. Sure enough, the thieves were caught, brought to the capital and put to death.

A person who feels backed up against a wall has two options: they can either make a desperate attempt at resistance, or simply do nothing and let themselves be crushed. Similarly, a negotiator who feels backed up against a wall can choose one of three courses of action: they can either attack, escape or play dead.

Truth be told, none of these options lead to great results for either party. To make matters worse, what they do lead to is a sense of pressure or manipulation. This is where the play described above comes in handy. If you can show the person backed up against a wall a possible way out; if you can bring it out as an opportunity for 'victory' while saving face, then the outcome will change quite markedly. This is why it is always worth preparing two techniques prior to negotiations: one that will give you the upper hand, and another that will let your

opponent lose while still saving face. Should the latter come to pass, when your opponent is backed up against a wall you need to know how to roll out the red carpet for them to walk down, wilfully choosing their own defeat. Only then will they be satisfied with the outcome of the negotiations.



For months a young man has unsuccessfully been trying to get a passport for international travel. All of his applications to date have been refused for a variety of reasons, each time with a request for some new document or other. Exasperated, he has found some leverage over the person handling his case – through their boss. The boss has assured him he will have a word with the handler.

Returning to the passport office with all the swagger of a champion, the man kicks open the door and says, 'Didn't I tell you? Now give me my passport!'

'Yes sir, here it is.'

This story has a very sad ending. At the border, the chip in the passport turns out to be defective. Now what are the chances of that happening? Oh well, better luck next time.

All because the young man didn't give his opponent the chance to save face and lose with dignity.



Treat your opponent not as the role they perform, but as the human they are. Everybody has emotions, and these are often what govern our actions.

Instead, this man should have rolled out the red carpet for his opponent. For example:



‘Maria Stepanovna [the handler, after her manager has already had a word with her], last time you told me to re-write my statement. Could you check everything is in order this time?’

‘All right, I’ll take a look. Oh, will you look at that, it’s fine.’

A simple gesture like this in no way detracts from your status – quite the opposite. After all, it brings you closer to the outcome you want.

The red carpet rule is the essence of the **fourth postulate** of the Kremlin school of negotiation: making the opponent an offer they can’t refuse.

This play might sound something like this: ‘Well, fine, seeing as you’re here, if you can offer me a discount I’ll take a look at your proposal.’ In the majority of cases, your opponent will happily accept.

So, to begin with we listened to our opponent carefully. Then we asked questions, steering the conversation towards

our objectives. As we did this, the opponent gave us lots of unnecessary information, things we hadn't even thought to ask. And then we smoothly and discreetly introduced our own scale of values and gave the opponent a sharp dip in importance. And now our opponent finds themselves in a role and position they would very much like to get out of.

Now is the moment to roll out our red carpet, giving them the way out they're so desperate for. Of course, our opponent will seize this opportunity with both hands: the position they have unexpectedly found themselves in is so unpleasant. Not to mention the fact that the terms of this 'surprise escape' do go some way towards achieving what they wanted. But only to some extent, and only at first glance.

If statistics are to be believed, then this method gets results in roughly 80–90 per cent of cases. But is 90 per cent always enough? At times only 100 per cent rock-solid results will do.

Which is why one more lever is brought into play, one that allows the user to crank their negotiation success rate up to 98 per cent.

Postulate 5: put the opponent in the zone of uncertainty

As a buyer I know from a major federal chain once put it: 'No one has ever squeezed better terms out of a supplier than those the supplier squeezes out of themselves.'

So what does it mean to put someone in the zone of uncertainty?

You say something like *'I'm not sure how my management will react to your refusal,'* or *'I don't know if it'll be possible to bring you into our distribution network.'*

It's hard to put in words what happens in a seller's mind when they hear this. You see, the seller has already been picturing

all of the upsides of this deal, and the knock-on effect it will have for their business. Faced with uncertainty, who wouldn't start to ask, beg, even plead – whatever it takes to coax out another chance? Who wouldn't promise their opponent all imaginable (and unimaginable) bonuses, agree to any number of concessions?

Why does this happen? Fear gets a hold on us. Fear is a most powerful weapon.

Fear can also be described as a state of *over-motivation*, of 'need'. The term 'need' is described well in Jim Camp's book *Start with NO*.³ This is when a person feels compelled, for whatever reason, to conclude a deal, get the sale, get the documents signed.

And this isn't the preserve of business relationships. A sense of 'need' is not uncommon in interpersonal relationships – for example, when one partner feels they 'need' the other.

All of this is a state of *over-motivation*. When a person can't take a step back and soberly evaluate the current situation, their brain starts to see all manner of negative consequences. As a result, they latch onto any bones they are thrown. And who's throwing these bones? The tough negotiator. You can find any number of examples of this in films depicting the events of the 'hard nineties' in Russia and other former Soviet states.



The nineties saw many groups of racketeers approach local businesses to suggest the use of their 'services'. The majority of businesses would agree on the spot, fearing possible reprisals if they refused. But some strong-willed individuals

refused to do business with such groups. That's where things get interesting for us.

At this point, let's say one of the gang members says to one such businessman: 'No problem. You don't want our help, that's your business. Just tell us straight: if it's a no, then it's a no. Just say the word.' And then they walk away.

Now, at this point all the businessman can think about are the grimmest possible consequences of his refusal. He's in a state of fear, of *over-motivation*. Before long, the businessman comes crawling back to the criminals, the roles now firmly reversed: he is the one persuading *them* to let *him* take advantage of their valuable offer. He automatically falls into a dependent role.

This tactic has a 98 per cent success rate. But there are situations in which even this tactic won't work – namely if the person feels no such sense of fear or 'need'.

The zone of uncertainty is, nevertheless, a very powerful play, and using it can easily secure some movement in your direction from your opponent.

Let's imagine a manager is yet again asking his subordinate to stay late after work to finish a project. The subordinate is neither prepared nor willing to work in his free time. Now, at this point many managers would start to threaten the subordinate, barking out a list of orders and acting in a way they consider to be 'tough'. In fact, this is exactly the sort of behaviour that will provoke further resistance and disloyalty in their colleague.

This is when it's time to remember the 'zone of uncertainty'

play. All you need are a couple of phrases: 'Fine, Ivan, if you don't want to stay, don't. I'm sure we'll manage without you.' With this, the manager puts those toughest of negotiators – fear and uncertainty – to work in their subordinate's mind. And believe you me, those two certainly are persuasive.

So now we have seen all five postulates of the Kremlin method. But this method also makes use of what is known as the 'pendulum of emotions'.

No living person's emotions can be completely neutral. Our pendulum of emotions is always in a state of flux: even when we are calm, our pendulum will oscillate slightly. And the task of the negotiator using the Kremlin method is to swing the pendulum to its maximum amplitude, so as to more effectively influence our actions and dealings.

Let's see what happens to our pendulum of emotions during each of these five postulates.

Postulates 1 and 2: the negotiator listens to us and asks us questions. This puts us in a pleasant, even happy frame of mind. The pendulum swings out towards the positive edge of its range.

Postulate 3: we are 'depreciated'. The pendulum swings in the opposite direction.

After the fourth postulate, once the 'red carpet' has been rolled out, our pendulum moves back into the positive. That is where we want it to stay.

If this isn't enough to seal the deal, then one more step is added – postulate 5.



Under what circumstances is it ethical to use such negotiation methods?

Before we answer this question, let's evaluate the effectiveness of this method.



How to measure the effectiveness of any negotiating system

A system is evaluated on three points:

1. The negotiation system should, where possible, lead to a reasonable agreement.
2. It should get results effectively.
3. It should improve (or at the very least not worsen) relations between the parties.

On the first and second points there is no doubt that this school of negotiation gets results, and it clearly leads to an agreement.



Which begs the question:
to what extent does the Kremlin method improve relationships?

The answer to this question will also answer our question of ethics. Let's take a look.

Every coin has its flip side, and I have to examine both.

In theory, the answer should be a resounding no: it worsens them.

The opponent leaves the negotiations feeling happy with the outcome. At that point in time, they genuinely believe that they have found a win-win scenario: both sides have won and they have also met the goals they set out for themselves. After all, they got the contract (letter, sponsorship, etc.). Gains have been made. At some point, however, this person will start to get a feeling I liken to a hangover – when your head starts to clear after a big night, and you realise that something isn't right, that you've done something wrong. Only in this case it's that something isn't right, but that *someone else* has done something wrong to you. This 'hangover' feeling can soon begin to grate.

This is one reason why the Kremlin method isn't always conducive to long-term relationships, which is a major factor to consider in our modern world. Now, if you don't need long-term relationships – if this is just a one-time negotiation that you want settled here and now – then this method is undoubtedly very effective. But if you have your sights set on long-term communications – even just one more exchange with this party – or if their recommendation is important to you, then this negotiation method is not for you.

That being said, in practice things aren't always so black and white.



In 2006, when Russia introduced an import ban on Moldovan wines, our company experienced some difficulties. This ban meant that all of the wines in our warehouse would have to be destroyed. And that our regional partners owed us a lot of money for these very wines.

Of course, many of our partners started to speculate on the situation, trying to shift as much of the risk and loss onto us as possible.

Initially we made the decision to write off these debts, in the hope of preserving these relationships and encouraging future business. But then a combination of circumstances made us change tack and toughen our policy. We insisted that our partners accept their share of the risk, and pay what they owed us for the wine that we had had to destroy. With some companies, the matter even went to court.

It is worth noting that, despite us having handled everything in a 'civilised' manner, some of the companies from the first list turned their backs on us and stopped working with us. But the very companies that ended up 'taking a hit' continued doing business with us, some even more so than before.

Businesses prefer to work with strong, reliable opponents who stand up for themselves. In practice, people respect strong, decisive opponents.



Never sacrifice your own interests to maintain a relationship. That is no marriage of equals. Strategically, you stand to lose both the relationship and your negotiation benefit. Your opponents are most likely simply banking on your desire to 'do the right thing'.

So where does this get us with the ethics of the Kremlin method?

As with any weapon, this method can be used for good as well as ill. It all depends on your goal. If you use the method in a competitive setting, with no fraudulent intent, then it can be regarded as one of any number of resources. But it's another matter entirely if the method falls into the arsenal of a not-so-honest negotiator.

For this reason, it can be beneficial to look at how to stand up to negotiators who have near-enough mastered the Kremlin method, while also honing your own methods.

A reminder: developing three basic skills will take you far in the art of negotiation. These three skills will help you to become a true negotiator and leader and to get results. Let's recap what these are. The first is the ability to defend your interests, i.e. to play the strong **lion**, see your goal and pursue it. The other two are the ability to manage your emotions and the emotions of your opponent, i.e. to be a circumspect and slightly cunning **fox**.