



ENTREPRENEUR'S CORNER

Volume Four, Issue Six
July/August 1998

When Your Situation Looks Hopeless, Change the Paradigm

by Jack Roseman, Contributing Columnist

Last month, I encouraged entrepreneurs with good instincts -instincts that had proven themselves - to use them in negotiations. This month, I want to offer some examples of how instincts come into play at the bargaining table and in the process offer a few more tips on keeping the upper hand.

In negotiations, your demeanor should be resolute but not inflexible, and you should be confident and relaxed. All of these things will be easier if you trust your instincts. Trusting your instincts adds an element of genuineness to your position and it fosters creativity. And that does a lot of things. For one, it adds unpredictability to your argument. Perhaps even more importantly, it enables you to change the paradigm by either being outrageous or using humor.

What do I mean by changing the paradigm? In negotiations, a paradigm is the

set of assumptions shared by the people involved in the negotiation. If these assumptions are excessively weighted against you, you will want to change the paradigm. But since logic probably created the prevailing view of things, it's unlikely that you will be able to regain the upper hand with logic alone. You'll need a special kind of logic, the kind that is used in humor. Let me give you an example.

When negotiating with potential job candidates, some people would ask for an employment contract, and at that time, we didn't like to give them. So I'd say, "Do you know that my wife knows we're not getting divorced today. She does not know whether we are getting divorced tomorrow. So you want something I don't even give my own wife?"

Well, they would look at me like, "Where the hell did this guy come from, Mars?" But it was effective because the

argument had some obscure logic and therefore changed the paradigm.

Another example occurred when I was asked by the CEO of a company on whose board I served to help rescue a \$1.3 million contract.

"The client has a new man on board, and he doesn't like us," explained the CEO. "Would you see if you can convince him to give us another year's contract? We can't do it, we've tried."

So, I went over there and from the minute I walked in the door, almost before I could sit down, the guy started screaming at me about how terrible our company was. They weren't getting good service. They were paying too much. Our people weren't any good.

I was sitting down now and he was standing. The more he railed the madder he seemed to get. Finally, he pulled up beside the chair I was in and jabbing his finger at me asked, "And why are you here?"

“I came here to ask you to give us another year’s contract,” I tried to say as matter-of-factly as possible.

“After what you just heard, if you were me, would you renew the contract?” he asked.

Now, I don’t know what possessed me to do it, except to say instinct. But I drew myself up and in an intensity that matched his own screamed, “Hell no. But I would hope you’re a better man than me.”

And all of a sudden he started laughing. And then I knew I had him. My comment, which was not what you would call a persuasive argument, had changed the paradigm. Did I know it would make him laugh? How did I know he wouldn’t climb over his desk and pummel me? He certainly seemed mad enough. And the answer is, I don’t know. I just trusted my instincts. So, he agreed to give us another year and that’s when I had another flash. I asked him for a two-year contract. He threw me out of the office, but in the end, he did end up making the new deal for two years.

I said be resolute. You have to be. In negotiations you are staking out what’s possible, and you have to establish these as concrete, tangible, and firm. In one deal, I looked eyeball to eyeball with a venture firm and insisted on a particular point in the term sheet. I said without it, there would be no deal, even though we desperately need the money. Then he blinked, the deal was done, and the first question from my team as the

ink was drying was what would I have done if they hadn’t capitulated?

I reminded them that in negotiations, you always have the option of second thoughts and begging for forgiveness.

Jack Roseman is the Director of The Roseman Institute. He was the founder of two successful computer firms and was president of a third, On-Line Systems. Jack formerly was the associate director of the Donald H. Jones Center for Entrepreneurship at Carnegie Mellon University’s Graduate School of Industrial Administration (GSIA). This column was written with Steven N. Czetli, former Executive Editor of T.E.Q.