

# ENTREPRENEURIAL NEGOTIATION

By SAMUEL DINNAR & LAWRENCE SUSSKIND

In their book, *ENTREPRENEURIAL NEGOTIATION: Understanding and Managing The Relationships That Determine Your Entrepreneurial Success* (Palgrave Macmillan), Dinnar and Susskind point to the mix of emotion, uncertainty, complexity, and relationships that makes entrepreneurial negotiation so difficult. They explain that the very qualities that help entrepreneurs launch businesses – willingness to take risks, high levels of self-confidence, a desire for rapid results – can themselves become stumbling blocks. Based on their many years of hands-on experience, plus their in-depth research – including videotaped interviews with business founders – Dinnar and Susskind pinpoint eight common mistakes that entrepreneurs are prone to make. These are:

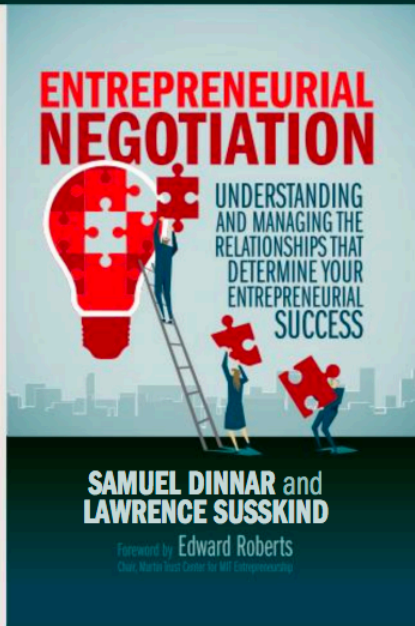
**Mistake #1: Entrepreneurs Are Self-Centered** – Because entrepreneurs are deeply focused on their own interests when building a business, they often fail to recognize the needs and priorities of those with whom they have to interact. This focus on their own desires can blind entrepreneurs to clues that could lead to better outcomes for both sides, an important goal when building working relationships.

**Mistake #2: Entrepreneurs Are Overly Optimistic and Overconfident** – Most entrepreneurs are supremely confident. They believe strongly that they will be successful (despite well-known statistics regarding failure rates). Because of this overconfidence, many fail to incorporate appropriate contingencies into the agreements they sign.

**Mistake #3: Entrepreneurs Need to Win. Now** – The primary objective of many entrepreneurs is to win. They are often primarily concerned about besting their



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counterpart and thus treat negotiations as one-off interactions, disregarding the possibility that future deals might be even more valuable than whatever is on the table at present.

**Mistake #4: Entrepreneurs Are Too Quick to Compromise** – Entrepreneurs are “doers.” They try to get things done while operating under incredible pressure. They feel compelled to decide quickly and “move on.” Instead of exploring additional options and finding even more advantageous trades, they settle for quick (and minimally acceptable) solutions.

**Mistake #5: Entrepreneurs Work Alone** – When entrepreneurs let their independent spirit dominate the way they negotiate, they prepare alone (rather than consulting their stakeholders and advisors), misread unfamiliar signals, take unreasonable stands, or vent emotionally at inopportune times. They fail to recognize that negotiation is an organizational, not an individual, task.

**Mistake #6: Entrepreneurs Haggle** – Many entrepreneurs get “tunnel vision,” assuming that the only thing they're

negotiating is price. This leads them to take a series of aggressive positions along this one dimension, forgetting to consider other factors that can create significant value.

**Mistake #7: Entrepreneurs Rely Too Heavily on Their Intuition** – Many entrepreneurs rely on their instincts when a negotiation doesn't go as planned. But when trusting their instincts, they are not as reflective on what they are doing and why. So, they end up blaming the other side when things go wrong. Worse, these same problems keep occurring because they fail to learn the right things from their experiences.

**Mistake #8: Entrepreneurs Deny Their Emotions** – Most entrepreneurs have a strong sense of what is fair. When they feel they are being mistreated, they fall prey to a slew of emotional mistakes, or cognitive biases, that allow ego to overrule logic. This can be especially problematic for entrepreneurs who tend to deny the relevance of emotions (and ego) in negotiation. While claiming “it is just business,” they can overvalue formal power, leverage, and control and undervalue the more subjective side of business negotiations.

The book also includes extensive advice and worksheets to help readers recognize and prevent their own missteps. The authors explain how to prepare for, engage in, and reflect on each negotiation; how to deal with negative personal triggers; analyze the motivations that drive almost all participants; and step back to view heated situations “from the balcony” as an unbiased observer. These are the skills that entrepreneurs need to successfully negotiate the future of their enterprises. *ENTREPRENEURIAL NEGOTIATION* shows them how.



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