



How To Improve Business Negotiations Using Emotional Intelligence | Corporate Counsel

BY FRANK WILLIAMSON | MARCH 3, 2020



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In my work as an investment banker, I frequently work with attorneys who specialize in M&A transactions. In general, I group them into two categories. Some fill a primarily technical role, working to execute the client's wishes

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efficiently. Others act almost as counselors, weighing the available options to help clients make the best choice for their business.

If you happen to be in the latter group, it's worth considering how you can contribute to making the negotiation process run more smoothly and harmoniously. I suggest using the practice of emotional intelligence (EQ) in your dealings with the client and the other negotiating team. You can also encourage a client to adopt this method into their standard practices. By doing so, you can make the negotiation process smoother and more harmonious—resulting in a deal where both parties walk away satisfied.

Let's examine emotional intelligence in a bit more detail and explore how it can be used before, during and after a deal.

Emotional Intelligence Leading Up to a Deal

Emotional intelligence involves four specific learned skills: self-awareness, self-management, social awareness and social skills. Self-awareness is an understanding of one's own emotions and how they're expressed to others. This ties into self-management, which is the ability to take responsibility for one's behavior and regulate one's emotions when necessary. Social awareness is the ability to consider and empathize with the perspectives of others, and then to use social skills to cultivate positive interactions with them.

When these principles are used in the workplace, it can increase a team's level of cooperation and collaboration, as well as make employees happier and more devoted to the organization as a whole. And once emotional intelligence is integrated into an organization's internal dynamics, it can affect the way executives approach relationships outside the company as well. During the negotiation process, executives will evaluate potential deal partners not just on the basis of how a partnership might look on paper, but how it might affect the team's overall cohesion or resilience.

Attorneys working with an emotionally intelligent seller can guide the company toward a potential partner who seems more likely to continue fostering the

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workplace's productive, cohesive atmosphere. The seller will also be aware of how this creates value for the company and will pitch that as a selling point. Attorneys working with prospective buyers, meanwhile, should help their client probe into the motivators and communication styles of any potential partner organizations. Before an offer takes place, it's essential to learn about an organization's strengths and weaknesses, as well as the level of cooperation and conflict among individual team members. By helping your client consider how an influx of new people might affect the team's current dynamics, you can begin to strategize for the work that would potentially need to be done during post-deal integration.

Emotional Intelligence During Negotiations

The business negotiation process can be enormously stressful, especially if the company being sold is in financial distress. But by cultivating an attitude of emotional intelligence, an attorney managing the negotiation process can reduce moments of conflict, foster a cooperative spirit and give a fair hearing to the concerns of each party. Here are a few situations where EQ can be incorporated:

1. Getting through difficult conversations without conflict. In a business negotiation, the two parties are sometimes going to be working toward mutually exclusive goals, which can lead to tension. An attorney can help to clear the air by adopting a learning mentality—asking questions of both sides to get them to explain their perspectives—and fine-tuning their approach to accommodate the parties' individual personalities. Prioritize the gathering of information over making sure your side gets heard. If the conversation takes a turn into tricky territory, keep asking questions and focus on being a respectful listener, even if—especially if—the responses offend or frustrate you.

2. Keeping both parties at the table. It's much better to work through a difficult conversation than to try to bring one party back to the negotiating table after they've left. To do that, keep in mind that both parties, ultimately, simply want to feel that their ideas are being heard and considered.

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I recently read a masterful example of this in a lawyer's letter to a client. The letter started by acknowledging the problem that this party was trying to solve, then gave a detailed explanation of how the party's proposed solution would play out—using facts and estimated costs. The close of the letter was open-ended, encouraging further conversation between both parties to resolve the issue. By using emotional intelligence in a thoughtful way, it left the door open for a respectful, productive discussion.

3. Addressing some issues one on one. Business negotiations could be described as a team sport. Each side has several key players who mostly interact with their counterparts—frequently in groups of two or three. Lawyers speak to lawyers, executives to executives, investment bankers to investment bankers, and so on.

But sometimes, these group interactions aren't the best way to handle certain sensitive aspects of a deal. A one-on-one conversation incorporating emotional intelligence can be helpful in working through small but critical issues that don't need to be brought to the full group. The entire team can then reconvene to pick up the discussion where they left off.

4. Leaving flexibility within a schedule. Each deal presents unique challenges, and reaching a successful outcome does require a degree of flexibility on both sides. One party might need to complete a deal within the current fiscal year, for example, or may have to pause until the start of the next one. My maxim for the ideal pace of deals is "as fast as possible, but no faster." That can mean putting a deal together over weeks, months or longer. Just make sure that both parties stay in frequent, open communication about whatever obstacles they might be facing that could delay finalization of the deal.

Emotional Intelligence After a Deal

Once the ink on a contract is dry, the hard work begins. Post-merger integration involves integrating teams, putting new leaders in place and creating new workflows. It's a significant challenge even under the best of conditions. However, using emotional intelligence can make the process easier.

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It's important to view team members not as pieces to be moved around, but as individuals with unique qualities and needs. Attorneys can encourage their clients to design teams that consider the skill set, communication style and preferred work setting of each employee. By being intentional about building a functional team with harmonious internal relationships, executives can help untangle the snags that often result from combining two companies.

A properly executed merger or acquisition can set a company on the path to greater success, but working out the finer points of a deal can be a challenge. Try to counsel your client on the importance of nourishing an emotionally intelligent work atmosphere instead of solely focusing on quantitative goals. Having a stable, supported team can pay huge dividends throughout the entire transition process.

***Frank Williamson** is the founder of Oaklyn Consulting, a consulting firm that helps investor groups and private businesses, from startup to middle market, with mergers, acquisitions, capital-raising, investor relations, succession and other strategic corporate finance decisions. Oaklyn Consulting does not work as a broker but as an extension of clients' boards and management teams, charging time-based fees for investment banking advice.*