



## *The Network – Delivers*

# B.A.T.N.A.

***“Best Alternative To a Negotiated Agreement”***

If you negotiate contracts, licenses, or other agreements for your company, you really need to gain a solid understanding of BATNA. These five simple letters represent one of the most critical mistakes businesses of any size can make in preparing for, and conducting, a negotiation. The BATNA—*Best Alternative To a Negotiated Agreement*—is your fall-back position in any negotiation.

When you make an acquisition for your company you will (*I hope*) first determine which product or service the company actually needs. However, it is vital that you also determine a secondary product or service in case you cannot negotiate a favorable agreement for the primary. In fact, I even recommend selecting a third level of product or service, just in case the first two negotiations fail. Without this step in the process, your suppliers are keenly aware that you “just gotta have” their product—you have identified or considered no other options. They become the sole source and, believe me, the attitudes, price, and terms will change accordingly.

**“If you are not committed to actually following up on your BATNA, it has no negotiating value.”**

The key to an effective BATNA process is not merely that you perform the steps necessary to create a BATNA—instead, the key is how committed you are to following up on the second (or third) choice of product or service. If the company, or the personnel involved in the acquisition, is/are not seriously committed to moving on to your second choice, you will not gain the leverage necessary to enhance the deal. When your company is committed to moving on to an

alternative product—and when you clearly show your resolve to do so—your negotiations with vendors will take on an entirely new level of productivity.

Whether you are a small local business on a tight budget or a multi-national with millions to spend, establishing—and using—a formal BATNA process can drastically improve the respect vendors will show for your acquisition process. “But, wait, there’s more...” The BATNA will also translate into more favorable contracts and cost reductions for your company.

***Of course, if you would rather pay more...***

**Let me know what you think.** I’m Alan Plastow. If you want a follow-up or have any questions, this is the place to ask—unless you would rather pay big bucks to some consultant for the same advice.