

How do you negotiate M&A and other contracts?

Contract negotiations play a key role in the business world. Negotiation experts Elena Mégevand and Oliver Gnehm from BGPartner Attorneys at Law know how to approach such negotiations efficiently.

How do contract negotiations work?

Gnehm: As a rule, the parties set out the structure and key parameters of the planned transaction in a letter of intent, as well as certain rules on the negotiation process - such as the timetable until the contract is concluded. This can be particularly efficient in the case of complex transactions, as the negotiations are initially limited to the broad outlines and the details are only negotiated in a second step, after the letter of intent has been concluded. The letter of intent then forms the basis for negotiating and drafting a detailed binding contract between the parties.

Mégevand: Negotiators who are less experienced or under pressure should not underestimate the importance of clarifying structural issues in advance. Subsequent structural changes or misunderstandings in the negotiation can have entail significant.

How do you prepare for a contract negotiation?

Mégevand: Good preparation includes gathering information, formulating negotiation goals and defining a negotiation strategy. Research your counterpart, but do not forget to analyse and sharpen your own interests and needs. Work out options and alternatives to negotiation and formulate your concrete minimum and desired

goals. This will help you to achieve better results. Careful selection of the negotiating team and the right negotiating setting are also part of the preparation.

Gnehm: It is important to keep in mind that negotiations are dynamic and even perfect preparation can never anticipate all elements of a negotiation. Successful negotiations therefore also require «Braving the gap»: Remain agile so that you can react appropriately and spontaneously to new negotiation situations.

Are digital negotiations more efficient than face-to-face negotiations?

Gnehm: Face-to-face negotiations can be more efficient, especially in complex negotiations with increased potential for conflict. Non-verbal communication can be better recognised and can be interpreted. It is easier to work on a good relationship with the other person and to build trust.

But online negotiations, for example via video conferencing, can also be efficient and are particularly suitable when there are travel or time constraints.

Mégevand: In this context, it is also interesting to note that according to a new, as of yet unpublished study,

Swiss managers are better at face-to-face negotiations than digital ones and prefer them.

How do you deal with difficult negotiation partners?

Mégevand: You have to invest in the relationship first. Listen to your counterpart and try to understand their point of view. This creates trust and the basis for win-win solutions. You do not have to like or agree with your negotiating partner. You should also not shy away from an honest conflict. «Put the fish on the table». An open discussion is more advisable than smouldering problems that eventually poison the negotiation and the business relationship.

Gnehm: If there is even a deadlock, i.e. if the parties can no longer reach an agreement despite all their efforts, a break should be taken. This helps to reduce negative emotions and create a more constructive atmosphere. Overcoming such stalemate situations

requires creativity, patience and the willingness to think outside the box. It may be necessary to change the negotiating approach or format - for

example, from digital to face-to-face negotiations - or even bring in a new negotiator. If the deadlock persists, one should be prepared to break off the negotiation and go alternative ways.

What negotiating tip would you like to give to the readers?

Mégevand: Choose your communication carefully and be aware, for example, of the different effects of «I» and «you» messages: «You» messages often lead to negative reactions from the other person, as he or she feels attacked and becomes defensive. «I» or «we» messages, on the other hand, promote dialogue and put less strain on the relationship.

Gnehm: Negotiate to win. «Play to win». Taking a strong position and standing up for your interests without upsetting your negotiating partner can help to build credibility and a more productive negotiating atmosphere. This is usually in the interest of both negotiating partners.

SUCCESSFUL NEGOTIATIONS REQUIRE YOU TO «BRAVE THE GAP»



IN INTERVIEW

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