

# STRATEGIC CONCESSION SEQUENCING FRAMEWORK ©

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## *Strategic Ordering of Concessions to Maximise Value Extraction*

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Most negotiators give away their leverage before the real negotiation even begins. They concede the wrong things, in the wrong order, at the wrong time. By the time the other side attacks what really matters, they have nothing left to trade.

**What you'll learn:** A five phase concession sequence that preserves negotiation leverage | Why giving away high-value items too soon guarantees sub-optimal results | How to utilise reciprocity to extract more value | Diagnostic questioning that identifies your non-negotiables | Real-world examples showing millions saved through Strategic Concession Sequencing

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### **Introduction**

In every negotiation, whether with armed kidnappers or corporate investors, concessions are inevitable. The question isn't whether to concede, but which concessions to make, when to make them, and in what order.

Give away the wrong thing at the wrong time, and you signal weakness, destroy your trading leverage, and leave nothing to exchange when they attack your highest-value items.

This framework provides what most negotiators lack: a systematic sequencing logic.

*"In high-stakes negotiations, concession sequence matters as much as concession content. The order in which you give things away determines whether you walk away with a good deal or no deal at all."*

— **Scott Walker**

### **The Problem: When Concession Sequencing Fails**

Here's an example of what poor sequencing can cost you.

Sarah is a Commercial Director at a property development firm with fifteen years of experience. She knows her industry inside-out and has closed dozens of deals. But when negotiating a multi-million pound joint venture with an international investor, she made a number of mistakes that are common even from experienced professionals.

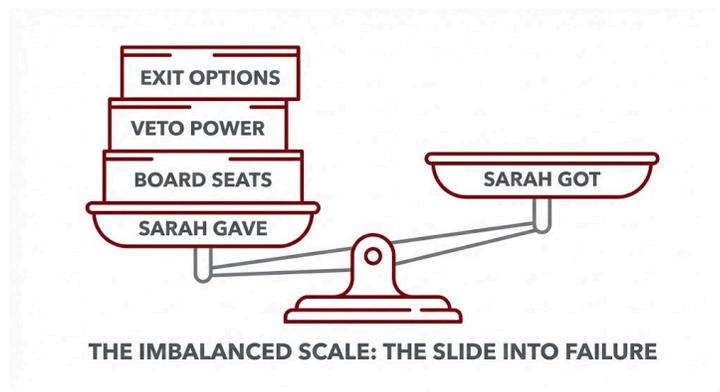
She had good intentions but no sequencing framework. And in negotiations, good intentions without strategy lose to average ability with structure every single time.

## The Deal Structure

The proposed deal was a 60/40 equity split, with Sarah's firm holding 60%. The investor wanted significantly more control than their equity suggested. There were eight negotiation points on the table:

- 1. Board seats:** Investor wanted three out of five.
- 2. Approval thresholds:** Investor wanted veto on £500,000 decisions
- 3. Exit terms:** Investor wanted a put option after three years
- 4. Management fees:** Investor questioned the two percent fee structure
- 5. Development timeline:** Investor wanted aggressive 18-month delivery
- 6. Profit distribution:** Investor wanted quarterly vs. annual
- 7. Financing terms:** Investor wanted personal guarantees
- 8. Reporting requirements:** Investor wanted monthly financial reports

Sarah entered the negotiations thinking, *"I'll be flexible and accommodating. I need to show them I'm easy to work with."*



## The Slide into Failure

In **Meeting 1**, the investor pushed hard on board seats. Sarah thought this seemed reasonable given their investment size and wanted to show good faith. She conceded, agreeing to three of five board seats.

In **Meeting 2**, the investor raised the approval threshold issue. Sarah felt she had already given them board seats, so this felt like a natural extension. She conceded a veto on £500,000 decisions.

In **Meeting 3**, the investor demanded a put option. Sarah didn't want to seem inflexible and she managed to persuade the investor to agree to a put option after five years rather than three.

In **Meeting 4**, the investor attacked the management fees. Sarah defended this, stating that 2% is the industry standard and funds their operational expertise. The investor replied, *"We've accommodated you on other points. This fee structure doesn't work for us. We need one percent."*

When Sarah explained that this destroyed their economics, the investor played the card she had handed them: ***"You've been flexible on everything else. Why are you being difficult now?"***

It resulted in a standoff with the deal eventually collapsing and eight months wasted.

## The Post-Mortem

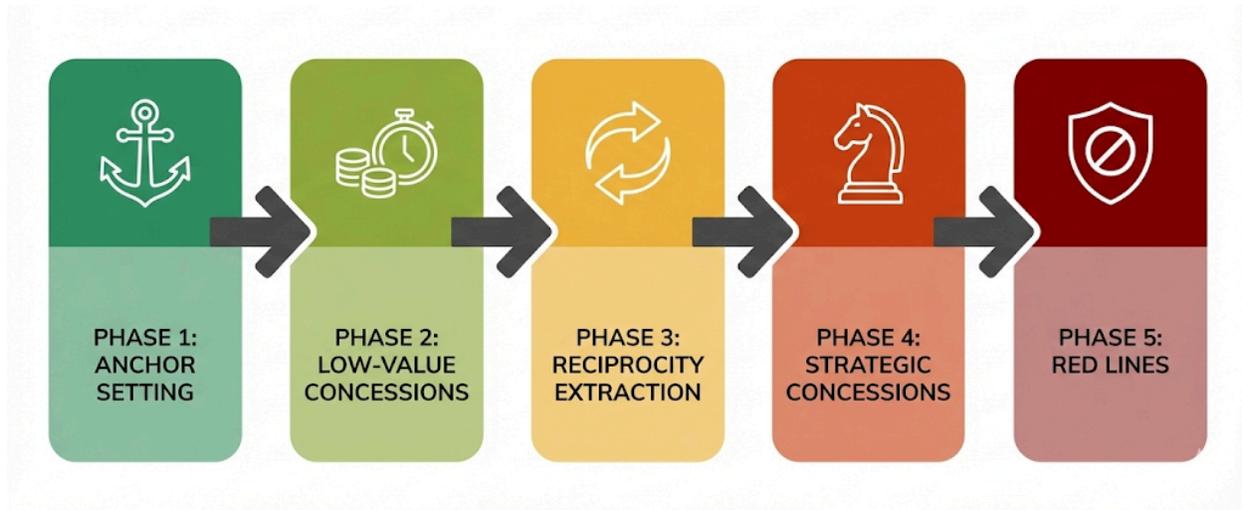
In the weeks that followed, Sarah and her team reviewed what had happened. They were smart, experienced professionals who knew their industry but lacked a systematic approach to negotiation concession sequencing. It had been clear that the investor had a sequencing strategy and Sarah did not.

She gave away board control, operational veto power, and exit optionality in the first three meetings while receiving nothing in return. By the fourth meeting, when the investor attacked her primary economic return, she had nothing left to trade.

She'd given away her leverage for the privilege of appearing 'reasonable'.

## The Framework: Strategic Concession Sequencing

To avoid Sarah's fate, you must categorise every negotiable item and release them in a specific order, from low-value to high-value.



### PHASE 1: ANCHOR SETTING

**Set your negotiation range in your favour before any concessions begin.**

You must state your ideal position early, not just your 'reasonable' position. Frame high-value items using precedent. For example, establish your red lines as market practice rather than personal preference.

In kidnap negotiations, we indicate our ideal settlement figure early. In one case, kidnappers demanded \$3 million for a businessman's release. The family could access \$800,000. Our opening offer was \$200,000, with each increased offer carefully sequenced over weeks to reach a final agreement of \$600,000 to secure the hostage's release. This was within the family's capacity and achieved through strategic concession sequencing.

### Sarah's Corrected Approach:

*"Standard governance for a 60/40 equity split is a 4:1 board ratio. Approval thresholds are typically two million plus in partnerships of this size. Management fees of 2-3% are market rate across our portfolio. Put options are typically available from year seven onwards in development partnerships."*

Now the investor is negotiating from *her* anchor, not *their* wishlist.

## **PHASE 2: LOW-VALUE CONCESSIONS**

**Your first concessions must be items with low cost to you but perceived value to them.**

These include timing flexibility, report formatting, information sharing, or procedural items. This builds credibility as a cooperative negotiator and creates a reciprocity obligation without costing you anything significant.

**Sarah's Corrected Move:**

**When the investor pushes for board seats, Sarah redirects:**

*"What I can accommodate is monthly financial reporting instead of quarterly. Would that address your need for closer oversight?"*

This costs Sarah only administrative time but offers the investor high perceived value in oversight. She appears cooperative without giving away governance control.

## **PHASE 3: RECIPROCITY EXTRACTION**

**Every concession must extract something in return. Use language like:**

- "I can do [X] if you'll help me on [Y]"

- "I'm happy to accommodate that **IF** you can meet me on [other item]"

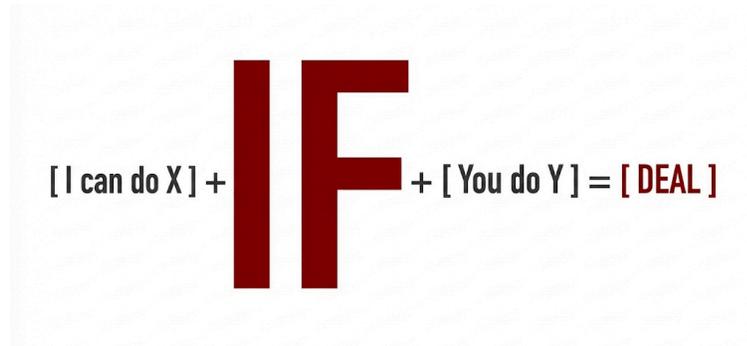
This establishes a fair trading dynamic and prevents 'salami slicing' where they take concessions one by one without giving anything in return.

**Sarah's Corrected Response:**

**Investor:** *"We need monthly reporting."*

**Sarah:** *"I can do monthly reporting **IF** you'll accept a £1.5 million approval threshold instead of £500K. That's a fair trade as you get more frequent updates, and we maintain operational flexibility between check-ins."*

After several exchanges like this, they stop expecting one-sided concessions.



#### **PHASE 4: STRATEGIC CONCESSIONS**

**Trade medium-value items for high-value reciprocity.**

This is where you package multiple items to make the trade feel balanced while protecting what matters most.

**Sarah's Corrected Package:** *"Here's a proposal: We move to a 3:2 board split AND quarterly profit distributions [Sarah's concessions]. In exchange, you drop the put option AND amend the approval threshold to £2 million [investor concessions]. This balances control and economics. Thoughts?"*

She is trading board influence and profit timing to gain the removal of an exit threat and operational freedom.

#### **PHASE 5: RED LINES**

**These are your 2-3 highest-value items. They are NEVER conceded without extraordinary reciprocity.**

To identify a red line, ask: "If I concede this, does the deal still make sense?"

If the answer is no, it's a red line.

For Sarah, this was the 2% management fee and the personal guarantees. These items funded her firm's operations and protected personal assets. They were non-negotiable without destroying the deal's value.

## HOW TO PROTECT RED LINES:

**State them early: "The management fee structure is consistent across all our partnerships and funds the expertise you're investing in."**

**How to Protect:** State these early. *"The management fee structure is consistent across all our partnerships."* When pushed, rely on your previous flexibility. *"I've accommodated the board structure, reporting, and distributions. Fees fund the expertise you're investing in and are fundamental to how we operate."*

If they demand it anyway, you walk away.



*'In every kidnap negotiation, I have one red line: the family's financial capacity to pay. If kidnappers continue to demand more than the family can access, I state clearly: "The maximum we can raise is £X. We can be flexible on the timing or method of paying you, but we can't give you what we don't have."*

— **Scott Walker**

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## Case Study: A Masterclass in Value-Based Trading: The Pfizer-Mylan Merger (2019)

Sometimes, the most powerful negotiations aren't about one side winning, they're about both sides trading smartly. The 2019 merger of Pfizer's Upjohn division with Mylan to form Viatris demonstrates strategic concession sequencing at its finest.\*

*\*Based on publicly available merger documents and industry analysis.*

### The Situation

On the surface, the two companies seemed mismatched. Mylan, a major generics player, was facing significant headwinds from pricing pressure and reputational issues. Pfizer, a pharmaceutical giant, wanted to spin off its Upjohn unit of off-patent drugs to focus on innovation. This wasn't a negotiation about one side dominating the other. It was about finding a deal where both could offload what they valued less to gain what they valued more.

## Asymmetric Value Trade

The key to this deal, as highlighted by negotiation experts at Cranfield School of Management, was that each party had different priorities. This created an opportunity for a strategic trade.

## Asymmetric Value Trade

Each party had different priorities. This difference made the deal possible.

Here's what each side valued most:

Party	Valued Highly (High-Value)	Valued Less (Low-Value)
<b>Mylan</b>	• Operational Control	• Company Name & HQ
<b>Pfizer</b>	• Favourable Tax Treatment • Revenue Distribution	• Governance / Control

This asymmetry was the key to unlocking the deal. Mylan's shareholders cared deeply about running the new company, but were less concerned about the name on the door. Pfizer, on the other hand, was focused on the financial and tax structure of the deal, and was happy to be flexible on governance.

## The Concession Sequence: Creating Mutual Gain

Instead of fighting over every point, both parties engaged in sophisticated trading:

Mylan conceded on what it valued less:

- Agreed to a new company name (Viatris)
- Flexible on headquarters location
- These were low-cost concessions for operational control

Pfizer conceded on what it valued less:

- Gave Mylan's shareholders significant operational control
- Accepted minority governance influence
- These were acceptable trades for tax and revenue advantages

Both parties achieved their core objectives:

- Pfizer secured favourable tax treatment and revenue distribution (their primary goals)

- Mylan secured operational control they craved (their primary goal)
- The final ownership split reflected business size, but the deal structure created mutual value

## **The Takeaway**

The Pfizer-Mylan merger proves a critical principle: The best negotiators don't just fight over the same variables (i.e. a bigger slice of a fixed sized pie), they find new ones to trade (make a bigger pie).

It shows that the most effective negotiations aren't always about winning on every point. Instead, they are about understanding what the other side truly values and what they are willing to give up.

By identifying items of asymmetric value, both sides sequenced their concessions to create a deal more valuable than the sum of its parts.

This case demonstrates that when you understand what's low-cost to you but high-value to them, you can create agreements where both parties feel they won.

This wasn't a failure for Mylan; it was a strategic success for both where the underlying deal structure was a masterclass in mutual gain.

## **PROVEN RESULTS**

### **Organisations using Strategic Concession Sequencing report:**

- 18-23% better deal outcomes on average
- 34% reduction in negotiation time from initial contact to closure
- 67% decrease in post-deal renegotiations and disputes
- Preservation of long-term business relationships that generate repeat business

Results based on client feedback across 50+ implementations in sectors including property development, M&A, supplier negotiations, and partnership agreements.

One client saved £2.3M using this framework on a single supplier renegotiation by sequencing low-value service upgrades before negotiating price reductions.

## STEP-BY-STEP APPLICATION

### PREPARATION PHASE

#### Step 1: Create a Concession Inventory

List every item on the negotiating table. If it's potentially negotiable, write it down.

#### Step 2: Categorise by Phase

- **Low-Value:** Low cost to you, perceived value to them (e.g., reporting frequency, meeting schedules, information sharing)
- **Strategic:** Medium value and cost (e.g., board seats, approval thresholds, timing commitments)
- **Red Lines:** High cost, deal-breaking if conceded (e.g., management fees, personal guarantees, core economics)

#### Step 3: Sequence Your Concessions

Number your items from 1 to 10 in the order you'll consider them. Stick to this sequence unless circumstances materially change.

#### Step 4: Prepare Reciprocity Requests

Prepare your trading language:

- *"If I concede [X], I'll need [Y]"*
- *"I can accommodate [X] if you'll help me on [Y]"*

### NEGOTIATION PHASE

**Step 5: Set Your Anchor (Phase 1)** In the first meeting, state your opening position clearly to set the boundaries. Frame it as market standard, not personal preference.

**Step 6: First Concession = Phase 2 Only** When pressured, resist an immediate major concession. Redirect to a low-value item. *"What I can do is monthly reporting instead of quarterly. Would that help?"*

**Step 7: Extract Reciprocity** *"I can do monthly reporting IF you'll meet me at the £1.5M approval threshold."* After 2-3 exchanges like this, they will stop expecting one-sided concessions.

**Step 8: Package Strategic Concessions (Phase 4)** Bundle items together to solve stalemates. *"Proposal: 3:2 board split + quarterly distributions. In exchange: Drop put option + £2M threshold. Balanced?"*

**Step 9: Protect Red Lines (Phase 5)** *"Management fee structure funds our operational expertise. I've accommodated board, reporting, and distributions. This particular item is fundamental to how we operate."*

If they insist, walk away.

### NEGOTIATION ITEM ASSESSMENT FORM

Negotiation Item	Cost to Me (Low/High)	Value to Them (Low/High)	Phase Category
Example: Reporting	Low	High	Phase 2
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**This framework is not about:**

- Being manipulative or dishonest
- "Winning" at the other party's expense
- Following rigid scripts without adapting to context
- Replacing relationship-building with mechanical trading

**It is about:**

- Having a systematic approach when pressure mounts
- Protecting your core interests while remaining flexible
- Creating sustainable agreements both parties value
- Operating with integrity and strategic discipline

## Final Thought

The difference between a good negotiator and a great one isn't talent.

It's having a system. Sarah had talent but she lacked a proven sequence. The Pfizer-Mylan teams had both.

Concessions are inevitable. Will they happen strategically, preserving your leverage and extracting reciprocal value?

Or will they happen reactively, giving away everything before you negotiate what actually matters?

The framework is simple. The discipline to follow it under pressure is not.

That's what separates the professionals from the rest.

## Next Steps

**To master this framework, turn theory into practice:**

- 1. Map your current negotiation** using the concession inventory assessment grid above
- 2. Review your past 3 deals.** What did you concede first? Is there a pattern?
- 3. Practice reciprocity language.** Get comfortable saying, "I can do [X] if you'll do [Y]".
- 4. Identify your red lines early.** Before pressure makes you compromise them

## Want to explore further?

If you have a high-stakes negotiation coming up and want a clear, practical path without relying on discounting or positional tactics, here is the best next step.

### 1) Watch ONE video first (choose which best fits your time):

**Option A (3:48):** Negotiation Showreel

<https://youtu.be/pnkzo7HDDxs?si=lcMEBiOSZN3sWxdq>

**Option B (20:00):** 6-Step Red Centre Negotiation Framework Overview

<https://youtu.be/rr19u9PETHA>

### 2) Then book your 30-minute High-Stakes Negotiation Clarity Call:

<https://calendly.com/scottwalkercoaching-info/call-with-scott>

Once you've booked your call, and if you have time, feel free to watch the second video!

On the call, we will:

- Answer your questions from the video
- Develop clear next steps to apply the framework to one specific negotiation
- Explore options to support your wider sales/BD/commercial team (workshop, keynote, team session)

If it is a fit, we will also discuss what working together could look like. If not, you will still leave with practical value and clear next steps.

**For further reading:**

Explore Chapter 4 of [Order Out of Chaos](#) or Chapter 8 of [Eye of The Storm](#) for deeper insights into negotiation strategy and influencing others under pressure.

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**About Scott Walker and Red Centre Global**

**Red Centre Global is a premier provider of negotiation expertise for organisations. Founded by Scott Walker, one of the world's leading hostage-for-ransom and crisis negotiators. We specialise in empowering leaders and their teams to consistently perform under pressure, and negotiate better deals, communicate with precision, make better decisions in uncertainty, and resolve conflict.**

**We achieve this through providing clients with high-stakes negotiation strategies, and services such as corporate training, interactive workshops, keynote speaking, online courses, and consultancy.**

**Our methodology, known as the Red Centre Method™ is a framework that leverages deep listening and emotional intelligence to uncover hidden dynamics to enable you to achieve favourable outcomes when negotiating.**

**Red Centre Global is trusted by clients such as Amazon, Deloitte, Canva, Salesforce, Aviva, Apple, Sky, Unilever, United Nations, Cisco, and many more.**

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