

Overview

- What is negotiation?
- What are some approaches to negotiation?
- What are the skills needed to negotiate?
- What happens during a negotiation?
- How should we behave during a negotiation?

A process where two or more parties with different needs and goals meet, discuss and reach a decision that benefits all of them

- An active and interactive communication process
 - Verbal
 - Non-verbal
- It is neither a barking contest nor a shouting match – It is a way of life.

There are 5 basic approaches to negotiation:

Compromise

Bargaining

Coercion

Emotion

Logical Reasoning

- **Compromise**
 - All parties involved in a discussion agree to meet half way
 - *“Let’s meet half way”*
 - *“Let’s split the difference and meet in the middle”*
 - Uses the ‘IF’ sentence in order to make a compromise. For example:
 - *“If you want us to work over-time, the company has to pay higher prices.”*
 - *“If you agree to work over-time, then we’ll agree to an extra day’s holiday.”*
- **Bargaining**
 - Offers are accepted based on conditions stated by all parties
 - *“I will lessen the meeting hours, if the three reports are submitted by next week”*
 - *“I will agree to the price if the company provides a free one year comprehensive insurance coverage”*

- **Coercion**
 - A process where one party forces the other party to agree with its term
 - Works very well if there's a majority or an ally
 - *"Either you agree to the offer or I close the deal with somebody else"*
 - *"You wouldn't want me to find another supplier now, would you?"*
 - *"I'm afraid all four of us agree to moving out which leaves only you"*
- **Logical Reasoning**
 - Use of logic and facts to support one's stand and also to undermine another's opinion
 - Based on our study conducted on 70 families,...
 - The current price range for XXX in the market is from RM40 – RM 50.
- **Emotion**
 - Uses emotion to intimidate or draw other's sympathy
 - *Someone who gets angry and starts raising his voice*
 - *Someone who breaks down and cry*

Phases of a Negotiation

1. Planning the negotiation
 - Research, prepare, read and gather relevant information
 - Clarify vital, crucial or vague questions
 - Know the other party's background – business, culture, etc
 - Decide negotiation objectives, strategies and agenda
 - Specify roles and responsibilities within the team
 - Check and confirm date, place and time
 - Prepare and rehearse opening statements
2. Beginning the negotiation
 - Create a positive and conducive atmosphere
 - Respect cultural and behavioral differences
 - Establish a framework: Agenda, procedure, roles
 - Stress common interest
 - State position or stand

3. During the negotiation

- Listen well and clarify the objectives of the other party or parties – eg. By questioning
- Check to make sure the other party/parties understand you
- Focus on areas of agreement
- Make constructive proposals
- Be clear, firm and concise
- Handle conflict positively and calmly
- Be creative and flexible when bargaining
- Reach a position of mutual advantage

4. Ending the negotiation

- Summarise and agree upon the deal
- Clarify future possibilities and actions
- End positively

5. After the negotiation

- Recognise successes of negotiation
- Learn from failure and improve strategies for future negotiation
- Build up and extend new relationship

Forms and Functions of a Negotiation

● Opening a Negotiation

- Start the negotiation on a positive note by establishing a good rapport with the other parties:
 - Greet members of the team and welcome visitors
 - Start the negotiation with a round of introduction
 - On my right is Mr. Ben and on my left, Ms. June and she will be taking notes for today. I am Damien. We're from XYZ company
 - Allow me to introduce myself/my colleagues and I.
 - Make small talk to create a 'comfortable' environment
 - So, how was your journey?
 - Was it difficult to find your way?
 - Is this your first visit to...?

● Stating your position

- Getting started
 - *Perhaps we should begin.*
 - *I suggest we start by clarifying what is needed.*
 - *Shall we get down to business?*
 - *May I suggest we begin by outlining the current situation?*
- Provide some background of your company/team (vision, mission, etc.).
- State your focus/goal/purpose of negotiation.
- Check if your listeners are still with you thus far
- **Clarifying position**
 - *Ask questions*
 - *Paraphrase other's arguments*
 - *Summarise positions constantly*
 - *Listen carefully to:*
 - *Understand the other party's negotiating position*
 - *Develop arguments that respond to their needs*
 - *Show sympathy to their position*
 - *Signal respect/value to what others are saying*
- **Confirming negotiating position**
 - ***So, Ms. H, am I right by saying that for you, this is an opportunity to expand your business?***
 ~ *Yes, that's right.*
- **Asking for clarification**
 - ***Could you tell us a bit more about this long term deal?*** ~ *Definitely. As our past business records show, our sales have been constantly increasing and we have never been in debt with any of the company's that we dealt with so we intend to propose a long term deal of 5 years.*
- **Asking general questions**
 - ***Can I ask you a question?*** ~ *Yes, certainly. How do you intend to expand your business?*
 ~ *Yes, that's right.*
 - *What about your company's policy regarding long term deals?* ~
- **Defining priorities**
 - ***How important is the price to you?*** ~ *It is our major priority.*

- **What about variety of products?** ~ It is something that we need to take into account.
- **Getting the facts right**
 - **Can you give us an idea of what type of sports equipment are you interested in procuring from us?**
 - ~ We would like to purchase your line of badminton and squash racquets, shuttlecocks and squash balls as well as your line of sports attire.
 - **Approximately how much is your price reduction for all these items?** ~ Well, it depends on various factors. We'll need to take into consideration, for example, the number of orders and the quality of each individual product.
- **Bargaining**
 - **Restating your position**
 - ~ Allow me to clarify our basic position.
 - **Setting conditions**
 - We could offer you a lower price on condition that you increase your order.
 - We might be willing to reduce the price if you could increase your order
 - We can agree to as long as/provided that you lower the price
- **Responding in the Bargaining Phase**
 - **Accepting**
 - I think we could go along with that for now.
 - OK. We can agree to that.
 - **Refusing with a New Offer**
 - I'm afraid that would not be possible. How about if we increase the variety of products?
 - Reducing the price to that amount would be difficult but we could speed up the delivery process.
- **Responding in the Bargaining Phase**
 - **Accepting with Condition**
 - That's fine if you lower the price.
 - If you lower the price, then we have a deal.
 - **Rejecting**
 - I'm afraid that wouldn't meet our requirements on the price.
 - **Lacking Authority**

- *I'm afraid I don't have the authority to approve that.*
- *If that's the case, I would have to get back to you on that.*
- *I'll have to ask my colleagues about that suggestion.*

- **Closing a Negotiation**

- **Closing**

- *Alright. Perhaps we should stop at this point.*
- *I think that covers just about everything for now.*

- **Summarising**

- *Can we just run over the points again?*
- *Let's go over what we have discussed today one more time.*

- **Checking and Confirming**

- *Does that cover our discussion?*
- *Do you agree with that?*

- **Closing a Negotiation**

- **Arranging future meetings**

- *Could we meet again next week?*
- *Shall we meet say, 3 o'clock? Does that suit you?*

- **Ending on a positive note**

- *That was a very positive start. I hope it's the basis for a long-term relationship.*
- *Thank you very much for your time. We're looking forward to your feedback.*

- **Different listening styles:**

- **Content-oriented**

- Interested in the quality of message that they hear
- Seeks details and are good at analyzing an issue from several perspective; gives more credit to messages of experts and credible sources
- Can appear over-critical or even hostile

- **People-oriented**

- Concerned with creating and maintaining positive relationships
- In-tune with others' moods, less-judgemental, more understanding and supportive

- May lose ability to assess quality of information if overly involved in the other person's feelings
- **Action-oriented**
 - Most concerned with the task at hand – the response required of the message
 - Appreciates clear, concise messages, no-nonsense approach
 - Tends to minimise emotional issues and concerns
- **Time-oriented**
 - Most concerned with efficiency
 - May put others off especially if there is an excessive focus on time

To listen actively:

- Listen for key ideas
- Take notes
- Ask questions
- Paraphrase