Negotiation is a method by which people settle differences. It is a process by which compromise or agreement is reached while avoiding argument and dispute.

In any disagreement, individuals understandably aim to achieve the best possible outcome for their position (or perhaps an organisation they represent). However, the principles of fairness, seeking mutual benefit and maintaining a relationship are the keys to a successful outcome.

**Specific forms of negotiation are used in many situations: international affairs, the legal system, government, industrial disputes or domestic relationships as examples. However, general negotiation skills can be learned and applied in a wide range of activities. Negotiation skills can be of great benefit in resolving any differences that arise between you and others.**

Stages of Negotiation

**In order to achieve a desirable outcome, it may be useful to follow a structured approach to negotiation. For example, in a work situation a meeting may need to be arranged in which all parties involved can come together.**

**The process of negotiation includes the following stages:**

1. **Preparation**
2. **Discussion**
3. **Clarification of goals**
4. **Negotiate towards a Win-Win outcome**
5. **Agreement**
6. **Implementation of a course of action**

1. Preparation

**Before any negotiation takes place, a decision needs to be taken as to when and where a meeting will take place to discuss the problem and who will attend.  Setting a limited time-scale can also be helpful to prevent the disagreement continuing.**

This stage involves ensuring all the pertinent facts of the situation are known in order to clarify your own position.  In the work example above, this would include knowing the ‘rules’ of your organisation, to whom help is given, when help is not felt appropriate and the grounds for such refusals.  Your organisation may well have policies to which you can refer in preparation for the negotiation.

Undertaking preparation before discussing the disagreement will help to avoid further conflict and unnecessarily wasting time during the meeting.

2. Discussion

**During this stage, individuals or members of each side put forward the case as they see it, i.e. their understanding of the situation.**

Key skills during this stage include [**questioning**](https://www.skillsyouneed.com/ips/questioning.html), [**listening**](https://www.skillsyouneed.com/ips/listening-skills.html) and [**clarifying**](https://www.skillsyouneed.com/ips/clarification.html).

Sometimes it is helpful to take notes during the discussion stage to record all points put forward in case there is need for further clarification.  It is extremely important to listen, as when disagreement takes place it is easy to make the mistake of saying too much and listening too little.  Each side should have an equal opportunity to present their case.

3. Clarifying Goals

**From the discussion, the goals, interests and viewpoints of both sides of the disagreement need to be clarified.**

It is helpful to list these factors in order of priority.  Through this clarification it is often possible to identify or establish some common ground. Clarification is an essential part of the negotiation process, without it misunderstandings are likely to occur which may cause problems and barriers to reaching a beneficial outcome.

4. Negotiate Towards a Win-Win Outcome

**This stage focuses on what is termed a 'win-win' outcome where both sides feel they have gained something positive through the process of negotiation and both sides feel their point of view has been taken into consideration.**

A win-win outcome is usually the best result. Although this may not always be possible, through negotiation, it should be the ultimate goal.

Suggestions of alternative strategies and compromises need to be considered at this point.  Compromises are often positive alternatives which can often achieve greater benefit for all concerned compared to holding to the original positions.

5. Agreement

**Agreement can be achieved once understanding of both sides’ viewpoints and interests have been considered.**

It is essential to for everybody involved to keep an open mind in order to achieve an acceptable solution.  Any agreement needs to be made perfectly clear so that both sides know what has been decided.

6. Implementing a Course of Action

**From the agreement, a course of action has to be implemented to carry through the decision.**

See our pages: **[Strategic Thinking](https://www.skillsyouneed.com/lead/strategic-thinking.html)** and **[Action Planning](https://www.skillsyouneed.com/lead/action-planning.html)** for more information.

Failure to Agree

**If the process of negotiation breaks down and agreement cannot be reached, then re-scheduling a further meeting is called for.  This avoids all parties becoming embroiled in heated discussion or argument, which not only wastes time but can also damage future relationships.**

At the subsequent meeting, the stages of negotiation should be repeated.  Any new ideas or interests should be taken into account and the situation looked at afresh.  At this stage it may also be helpful to look at other alternative solutions and/or bring in another person to mediate.

See our page on **[Mediation Skills](https://www.skillsyouneed.com/ips/mediation-skills.html)** for more information.

Informal Negotiation

**There are times when there is a need to negotiate more informally.  At such times, when a difference of opinion arises, it might not be possible or appropriate to go through the stages set out above in a formal manner.**

**Nevertheless, remembering the key points in the stages of formal negotiation may be very helpful in a variety of informal situations.**

In any negotiation, the following three elements are important and likely to affect the ultimate outcome of the negotiation:

1. **Attitudes**
2. **Knowledge**
3. **Interpersonal Skills**

Attitudes

All negotiation is strongly influenced by underlying attitudes to the process itself, for example attitudes to the issues and personalities involved in the particular case or attitudes linked to personal needs for recognition.

### Knowledge

**The more knowledge you possess of the issues in question, the greater your participation in the process of negotiation.  In other words, good preparation is essential.**

## NEGOTIATION SKILLS

1. Communication

To achieve your ideal outcome at the bargaining table, it’s essential to clearly communicate what you’re hoping to walk away with and where your boundaries lie.

Effective communication skills allow you to engage in a civil discussion with other negotiators and work toward an agreeable solution. Deal-making naturally requires give and take, so it’s important to articulate your thoughts and actively listen to others’ ideas and needs. Without this skill, key components of the discussion can be overlooked, making it impossible for everyone to leave the negotiation satisfied.

2. Emotional Intelligence

Emotions play a role in negotiation, for better or worse. While it’s important not to let them get in the way of reaching a mutually beneficial deal, you can use them to your advantage. For example, positive emotions have been shown to increase feelings of trust at the bargaining table, while feelings of anxiety or nervousness can be channeled into excitement.

A high degree of emotional intelligence is needed to read other parties’ emotions. This can enable you to more easily pick up on what they’re implying rather than explicitly stating. In addition to understanding what you and others are experiencing throughout a negotiation, emotional intelligence can help you advantageously manage and use emotions.

Related: [The Impact of Emotions in Negotiation](https://online.hbs.edu/blog/post/emotion-in-business-negotiation)

3. Planning

Planning ahead with a clear idea of what you hope to achieve and where your boundaries lie is an essential step in any negotiation. Without adequate preparation, it’s possible to overlook important terms of your deal.

First, consider the [zone of possible agreement (ZOPA)](https://online.hbs.edu/blog/post/understanding-zopa) between you and the other negotiating parties. ZOPA, sometimes called the bargaining zone, refers to the range in a negotiation in which two or more parties can find common ground. A positive bargaining zone exists when the terms that both parties are willing to agree to overlap. On the other hand, a negative bargaining zone exists when neither party’s terms overlap.

Next, it’s beneficial to understand your best alternative to a negotiated agreement (BATNA). If your discussion lands in a negative bargaining zone, your BATNA is the course of action you plan to take if the negotiation is unsuccessful. Knowing your BATNA ahead of time can help ensure you have a backup plan in case an agreement can’t be reached and avoid leaving the table empty-handed.

4. Value Creation

[Creating value in a negotiation](https://online.hbs.edu/blog/post/negotiation-tactics-how-to-add-value) is one of the most powerful skills you can add to your toolkit.

To illustrate its importance, consider this analogy: When participating in a negotiation, each party is typically concerned with obtaining the biggest “slice of the pie” possible. With each party vying to maximize their slice, this inherently means some will be forced to leave with a much smaller piece.

To break free of this traditional idea of negotiation, experts suggest shifting your goals from growing your slice to growing the whole pie. The benefits are twofold: First, each party can realize greater value; second, a sense of rapport and trust is established, which can benefit future discussions.

5. Strategy

In addition to thorough preparation and the ability to create value, you need a clear understanding of [effective negotiation tactics](https://online.hbs.edu/blog/post/negotiation-tactics-that-work). Knowing what works and what doesn’t can allow you to create a tailored strategy for every negotiation you participate in.

To [develop a strong negotiation strategy](https://online.hbs.edu/blog/post/4-tips-for-developing-a-successful-negotiation-strategy), consider the following steps:

* Define your role
* Understand your value
* Understand your counterpart’s vantage point
* Check in with yourself

Following this process ahead of each negotiation can enable you to formulate a clear plan of action for the bargaining table. By understanding the roles of those involved, the value each party offers, and your counterpart’s advantages, you can better prepare to work toward a common goal. Checking in with yourself throughout the discussion can also help ensure you stay on the path to success.

6. Reflection

Finally, to round out your negotiation skills and develop your proficiency, you need to reflect on past negotiations and identify areas for improvement. After each negotiation—successful or not—reflect on what went well and what could have gone better. Doing so can allow you to evaluate the tactics that worked in your favor and those that fell short.

After evaluating your strengths and weaknesses, identify areas you want to work on and create a plan of action. For example, if you had trouble aligning your goals with your counterpart’s, consider reviewing concepts like ZOPA and BATNA. Or, if your negotiations often leave you feeling dissatisfied, you could benefit from learning new ways to create value.

## BECOMING A MASTER OF NEGOTIATION

No matter your strengths and weaknesses, practice is a surefire way to develop your skills. The more negotiations you take part in, the more prepared you’ll be for future dealings.

Structured learning opportunities can also prove to be highly beneficial. Negotiation books and articles are a great starting point for learning the basics of striking a deal. Resources that explore real-life examples of successful negotiations can give you perspective on how others navigated difficult discussions and prepare you to face similar scenarios.

Another effective option is to take an online course, such as [Negotiation Mastery](https://online.hbs.edu/courses/negotiation/). In addition to hearing from real experts—including public officials, executives, and military officers—learners benefit from interactive negotiation simulations that allow them to apply their knowledge and further develop their skills. Participants are also exposed to content on the more emotional aspects of negotiation and learn how to conduct an “after-action review” to gain insights for future dealings

**1. Analyze and cultivate your BATNA.** In both integrative negotiation and [adversarial bargaining](http://www.pon.harvard.edu/tag/adversarial-bargaining/), your best source of power is your ability and willingness to walk away and take another deal. Before arriving at the bargaining table, wise negotiators spend significant time identifying their best alternative to a negotiated agreement, or BATNA, and taking steps to improve it.

**2. Negotiate the process.** Don’t assume you’re both on the same page when it comes to determining when to meet, who should be present, what your agenda will be, and so on. Instead, carefully negotiate how you will negotiate in advance. Discussing such procedural issues will clear the way for much more focused talks.

**3. Build rapport.** Although it’s not always feasible to engage in small talk at the start of a negotiation (particularly if you’re on a tight deadline), doing so can bring real benefits, research shows. You and your counterpart may be more collaborative and likely to reach an agreement if you spend even just a few minutes trying to get to know each other. If you’re negotiating over email, even a brief introductory phone call may make a difference. This is one of the most valuable negotiation skills to master.

**4. Listen actively.** Once you start discussing substance, resist the common urge to think about what you’re going to say next while your counterpart is talking. Instead, listen carefully to her arguments, then paraphrase what you believe she said to check your understanding. Acknowledge any difficult feelings, like frustration, behind the message. Not only are you likely to acquire valuable information, but the other party may mimic your exemplary listening skills.

**5. Ask good questions.** You can gain more in integrative negotiation by asking lots of questions—ones that are likely to get helpful answers. Avoid asking “yes or no” questions and leading questions, such as “Don’t you think that’s a great idea?” Instead, craft neutral questions that encourage detailed responses, such as “Can you tell me about the challenges you’re facing this quarter?”

**6. Search for smart tradeoffs.** In a distributive negotiation, parties are often stuck making concessions and demands on a single issue, such as price. In integrative negotiation, you can capitalize on the presence of multiple issues to get both sides more of what they want. Specifically, try to identify issues that your counterpart cares deeply about that you value less. Then propose making a concession on that issue in exchange for a concession from her on an issue you value highly.

**7. Be aware of the anchoring bias.** Ample research shows that the first number mentioned in a negotiation, however arbitrary, exerts a powerful influence on the negotiation that follows. You can avoid being the next victim of the [anchoring bias](http://www.pon.harvard.edu/tag/anchoring-bias/) by making the first offer (or offers) and trying to anchor talks in your preferred direction. If the other side does anchor first, keep your aspirations and BATNA at the forefront of your mind, pausing to revisit them as needed.

**8. Present multiple equivalent offers simultaneously (**[**MESO**](http://www.pon.harvard.edu/tag/mesos/)**s).** Rather than making one offer at a time, consider presenting several offers at once. If your counterpart rejects all of them, ask him to tell you which one he liked best and why. Then work on your own to improve the offer, or try to brainstorm with the other party an option that pleases you both. This strategy of presenting multiple offers simultaneously decreases the odds of impasse and can promote more creative solutions.

**9. Try a contingent contract.** Negotiators often get stuck because they disagree about how a certain scenario will play out over time. In such cases, try proposing a contingent contract—in essence, a bet about how future events will unfold. For example, if you doubt a contractor’s claims that he can finish your home renovation project in three months, propose a contingent contract that will penalize him for late completion and/or reward him for early completion. If he truly believes his claims, he should have no problem accepting such terms.

**10. Plan for the implementation stage.** Another way to improve the long-term durability of your contract is to place milestones and deadlines in your contract to ensure that commitments are being met. You might also agree, in writing, to meet at regular intervals throughout the life of the contract to check in and, if necessary, renegotiate. In addition, adding a dispute-resolution clause that calls for the use of [mediation](http://www.pon.harvard.edu/tag/mediation/) or [arbitration](http://www.pon.harvard.edu/tag/arbitration/) if a conflict arises can be a wise move.

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