



Negotiations ([Aminotes](#))

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**, **listening** and **clarifying**.

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 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.

Factors Affecting Negotiations -

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.

Always be aware that:

- Negotiation is **not** an arena for the realisation of individual achievements.
- There can be resentment of the need to negotiate by those in authority.
- Certain features of negotiation may influence a person's behaviour, for example some people may become defensive.

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. Do your homework and gather as much information about the issues as you can.



Furthermore, the way issues are negotiated must be understood as negotiating will require different methods in different situations.

Interpersonal Skills

Good interpersonal skills are essential for effective negotiations, both in formal situations and in less formal or one-to-one negotiations.

These skills include:

- Effective verbal communication.
- Listening.
- Reducing misunderstandings is a key part of effective negotiation.
- Rapport Building - *Build stronger working relationships based on mutual respect.*
- Problem Solving.
- Decision Making.
- Assertiveness.
- Dealing with Difficult Situations.

BATNA - It is an acronym that stands for **B**est **A**lternative **T**o a **N**egotiated **A**greement. It is defined as the most advantageous alternative that a negotiating party can take if negotiations fail and an agreement cannot be made. In other words, a party's BATNA is what a party's alternative is if negotiations are unsuccessful. The term BATNA was originally used by Roger Fisher and William Ury in their 1981 book entitled "Getting to Yes: Negotiating Without Giving In."

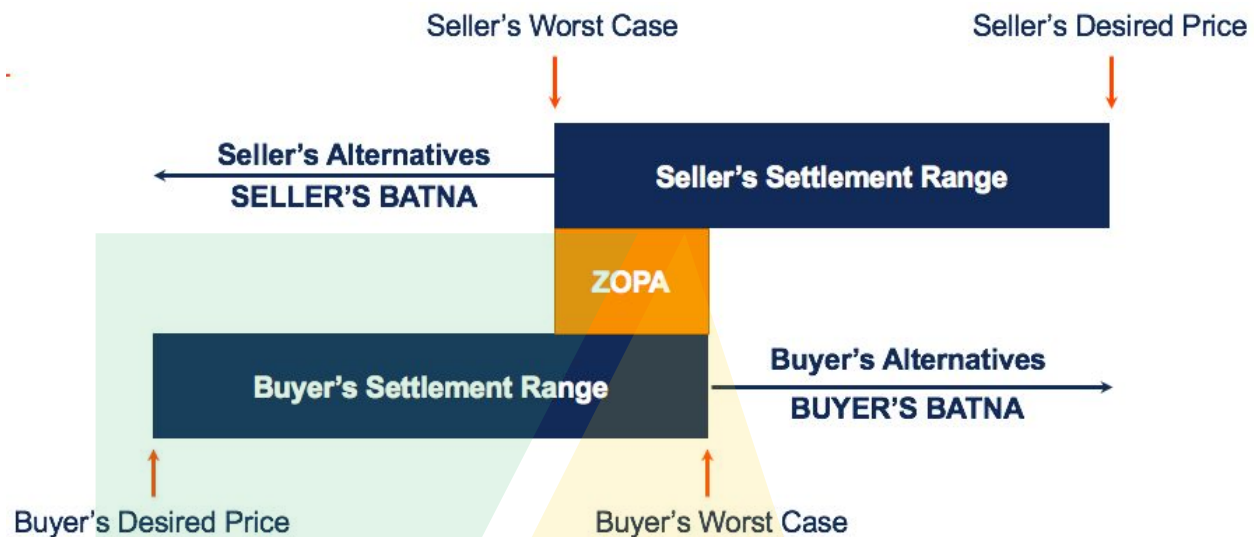
Importance of BATNA

BATNA is often used in negotiation tactics and should always be considered before a negotiation take place. Therefore, it is never wise to enter into a serious negotiation without knowing your BATNA. The value of knowing your best alternative to a negotiated agreement is that:

1. It provides an alternative if negotiations fall through.
2. It provides negotiating power.
3. It determines your reservation point (the worst price you are willing to accept).

Illustration of BATNA

The following diagram illustrates each party's best alternative to a negotiated agreement (seller and buyer):



Where:

- ZOPA stands for “Zone Of Potential Agreement.” It is the overlap between the seller’s and buyer’s settlement range.
- Seller’s settlement range is a biddable range by the seller.
- Buyer’s settlement range is a biddable range by the buyer.
- Buyer’s/Seller’s worst case is the reservation point of respective parties.

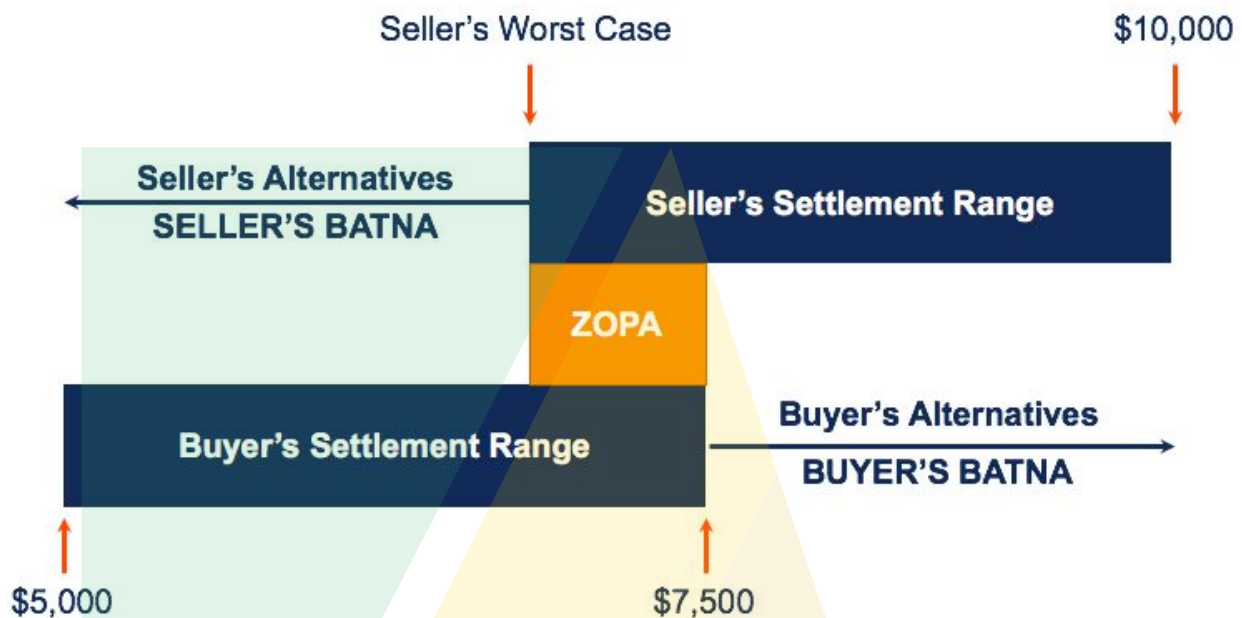
If:

- Buyer offers a price that is lower than the seller’s worst case, seller is better off going with an alternative.
- Seller offers a price that is higher than the buyer’s worst case, seller is better off going with an alternative.

Example of BATNA

Colin needs a car and is negotiating with Tom to purchase his car. Tom offers to sell his car to Colin for \$10,000. Colin scours through Craigslist and finds a similar car to which he assigns a dollar value of \$7,500. Colin’s BATNA is \$7,500 – if Tom does not offer a price lower than \$7,500, Colin will consider his best alternative to a negotiated

agreement. Colin is willing to pay up to \$7,500 for the car but would ideally want to pay \$5,000 only. The relevant information is illustrated below:



In the diagram above, if Tom offers a price higher than \$7,500, Colin will take his business elsewhere. In the example, we are not provided with Tom's BATNA. If we assume that Tom can sell his car to someone else for \$8,000, \$8,000 is Tom's BATNA. In such a scenario, an agreement will not be made as Tom is willing to sell for a minimum of \$8,000 while Colin is willing to purchase at a maximum of \$7,500. If Tom's best alternative to the deal is selling the car to a dealership, which would offer him \$6,000, both parties can come to an agreement. In the situation described, the diagram would look as follows:



In such a case, there is a zone of potential agreement – \$6,000 to \$7,500. In this range, both parties can come to an agreement.

Utilizing Your BATNA In Negotiation

Now that you understand what a BATNA is and the benefits of knowing your BATNA in a negotiation, try the following negotiation strategies to utilize BATNA as a source of power:

- Identify your BATNA – and then improve it
We know that a strong BATNA drives stronger negotiated outcomes, so improving your BATNA can help improve your negotiated agreements. Create a long list of possible alternatives, and identify two or three especially promising ones. Then, work to improve them. In Jill's car negotiation from above, she could call local used car dealerships for comparable offers or to learn more about their financing and trade-in options. Concrete information is powerful when evaluating your BATNA, and the extra energy spent researching – and even negotiating beforehand – will pay off at the negotiation table.
- Step away to evaluate
As you know, it can be difficult to compare your BATNA to a negotiated



agreement as the terms become more varied and complex. Because of this, it's important to give yourself space to compare any offer on the table to the value of your BATNA. Think beyond just the numbers. Which deal best meets *all* of your interests? Evaluating more subjective interests alongside cost and money gives you a better understanding of the full value of a negotiated outcome, but those comparisons are not always easily assessed. For instance, a plaintiff needs to evaluate how much she values the certainty and closure of a \$30,000 negotiated settlement if her BATNA involves taking the case to court and possibly winning three times as much.

- **Use your BATNA as a shield and sword**
If the other side talks extensively about better offers, you can present your BATNA as well to show that you are also comfortable walking away from the negotiation. However, you can reassert that despite your strong BATNA, you are at the negotiation table because you think the two of you can do better together. Likewise, you can present your BATNA if the other side is downplaying your ability to get a better deal. Telling the other side about a real offer, rather than threatening to walk and find something better, allows you to present your BATNA objectively (and powerfully) as a possibility.
- **Using timing to manage a weaker BATNA**
Sometimes, even with diligent research and legwork, your BATNA is not very strong. While this weakens one source of power for you in the negotiation, you can try to buy yourself more time. Request a break to think about the agreement on the table, and see if you can improve upon your BATNA or explore other alternatives in the meantime.