

♦ Negotiating ♦



Section 1 ♦ Starting Point: Are you a good negotiator?

A. Warm Up: Discuss the following questions.

1. What does "negotiate" mean?
2. How frequently do you negotiate with your family and friends? How about at work?
3. Why are negotiating skills important?

B. Group Work:

Read the following statements one by one with a partner. Decide how true each one is for you and write one of the numbers below on the line next to it. As you are working your way through the list, explain why you chose the number you did. Give examples from your life.

- "5" = very true
- "4" = true most of the time
- "3" = only somewhat true
- "2" = not true most of the time
- "1" = very untrue

Last class, discuss the following:

1. Are you a good negotiator?
negotiating abilities?

1. Which of the following traits do you have in common with someone?

- ▢ Gender
- ▢ Age
- ▢ Position in the company
- ▢ Work experience
- ▢ Educational background
- ▢ Knowledge
- ▢ Good social skills
- ▢ Attitude

2. In order to be a better negotiator, what can you work on? Refer to the following list of tips.

1. I am able to appreciate and be sensitive to other people's viewpoints.
2. I keep promises and can be relied on.
3. I am attentive to details.
4. I am willing to compromise to solve any problem.
5. I think and perform well under pressure.
6. I am usually tactful and diplomatic.
7. I am able to articulate my viewpoints clearly.
8. I am a good listener.
9. I enjoy researching and analyzing issues in depth.
10. I am able to identify important issues quickly.

Now, add your numbers together. If your total is 45–50, you have exceptional negotiating abilities. If your total is 40–44, you are a good negotiator with a lot of potential. If your total is 35–39, you are a reasonably good negotiator, but you need to brush up on your skills. If your total is 34 or lower, you definitely need to think about your ability as a negotiator and what you can do to improve your overall effectiveness.

C. As a Class: Discuss the following questions.

1. Are you a good negotiator? Do you think your score accurately reflects your negotiating abilities?
2. Which of the following things affects your ability to negotiate successfully with someone?

- Gender
- Age
- Position in the company
- Work experience
- Educational background
- Knowledge and intelligence
- Good social skills
- Attitude

3. In order to be a better negotiator, what skills do you think you need to work on? Refer to the skills listed in Section B, Group Work.

Section 2 ♦ Communication Strategies: Negotiating

CD 2 track 7

Part 1: Read, listen to, and say these sentences and phrases.

Establishing a position

It is (absolutely) essential that ____.
 It is very/extremely important that ____.
 What's important (for us) is ____.
 You've done a great job, but ____.
 (Essentially) We're interested in ____.
 (Basically) We're looking for ____.
 We hope to/want to ____.
 That is not a priority right now.

Making proposals

We suggest ____.
 We propose ____.
 We can/could offer you ____.
 The best we can do is ____.

Reacting to proposals

We can go along with that.
 That's acceptable.
 That's a possibility. (I'll have to check with ____.)
 If you ___, then we have a deal.
 So, we have a deal?
 We might be able to do that.
 We'll have to get back to you on that.
 That would be difficult.
 I'm afraid we can't go along with that.
 There's no way we can agree to that.

Bargaining

If you could ___, we would consider ____.
 As long as ___, we can agree to ____.
 Would you be interested in ____?
 We realize that, but ____.
 On one condition - ____.
 If you can ___, we can ____.
 We know that you'd prefer ___, but how about ____?
 We might consider that if (you guarantee) ____.
 What would you say if we offered you ____?
 We would be willing to do that if (you could) ____.

Part 2: Fill in the blanks with the phrases in **bold** type. When you are finished, read the dialogs with a partner. Then switch roles and read the dialogs again.

CD 2 track 8

We might be able to do that What would you say if we offered you
then we have a deal You've done a great job
I'll get back to you

- A: _____ over the past year, but we
can't give you a raise right now.
B: But I've made more money for this company over the last twelve months
than any other sales rep on the staff.
A: And we want to show you how much we appreciate your hard work.
B: If you give me stock options *and* more vacation time, _____ some stock options?
A: _____ with management, and _____. Let me check
tomorrow.

no way we can agree we can't go along with that
We might consider We know that you'd prefer
It is essential that realize

- A: _____ we agree on a realistic deadline for this project.
B: We _____ that, but there are still a few sticking points.
A: _____ to address these issues first, but how
about setting a date?
B: There's _____ to that.
A: _____ an extension if you guarantee that
we will move forward on this project.
B: I'm afraid _____ either.
A: Why not?
B: We're in no position to negotiate a time frame when our demands aren't
being met.

We can offer you So we have a deal What's important for us is
would be very difficult On one condition
What would you say if we offered you

- A: _____ cost.
B: _____ a 12% discount if you order at least 1000 units. _____ for us to
A: The price is right, but it _____ sell that many products. _____ a 10% discount
B: _____
on 750 units?
A: _____ – don't charge us for delivery.
B: That's acceptable. _____?
A: _____
B: Yes.

Part 3: With a partner, create and practice a dialog based on the following flow chart. Use business communication strategies from this chapter to help you. When you're finished, switch roles. Create and practice a similar dialog without using the flow chart.

A1: Say that you would like to buy 10 refrigerators.

B1: Make a proposal – to include a sales figure (\$1500 apiece).

A2: Reject the sales figure – too expensive.

B2: Bargain by lowering the sales figure (\$1300).

A3: Reject the sales figure – still too expensive.

B3: Bargain some more by lowering the sales figure again (\$1200), but say that is as low as you can go.

A4: React to the proposal by accepting it.

B4: Express your appreciation.

A5: State when you want the items delivered.

B5: Say that you are unable to meet that date.

A6: Request a different delivery time.

B6: Agree to the delivery time.

A7: Ask about payment terms.

B7: Say that you require a one-time payment.

A8: Say that's impossible, then ask if you can pay on an installment plan.

B8: React to this proposal and say that you will check on it.

A9: Express your appreciation.

B9: Confirm your agreement – price, delivery time, and payment plan (which you will check on).

A10: Agree and express appreciation again.

B10: Use a conversation closer.

Part 4: With the same partner, look at the list of common negotiating mistakes below. Put a ✓ next to the ones you make most often. Provide explanations as necessary.

- ✓ I am poorly prepared
- ✓ I dominate the discussion
- ✓ I fixate on one my issues
- ✓ I try to gain every concession
- ✓ I trust my counterpart too much
- ✓ I worry too much
- ✓ I make concessions without negotiating
- ✓ I neglect to aim for a win-win solution
- Can you add any other mistakes?

Part 5: Together with your partner, answer the following questions.

Hint – Look for

(e.g., not saying

Use silence

Lowball

Pinpoint the issue

Challenge

Think things through

Split the difference

Flinch/Wing

Claim limits

Empowerment

Try test questions

Bait and switch

Now discuss the following situations

1. Have you ever

2. How well did you

3. Are there any opportunities

3. Would all of us benefit from this?

I ... am poorly prepared.

- ____ am poorly prepared.
- ____ dominate the discussion and don't listen enough.
- ____ overpower my counterpart and use tough tactics.
- ____ fixate on one issue, point, or position.
- ____ become impatient with my counterpart and rush through the agenda.
- ____ try to gain every advantage and deny my counterpart any benefits whatsoever.
- ____ trust my counterpart too much.
- ____ worry too much about what my counterpart thinks and feels.
- ____ make concessions before I have seen all of my counterpart's demands.
- ____ neglect to aim high enough (and settle for less than what I really want).

Can you add any other negotiating mistakes to this list, particularly ones you tend to make?

Part 5: Together with your teacher, match the negotiating tactics with their definitions.

Hint – Look for words in the definition that are similar to words in the tactics (e.g., **not saying anything** means “silence”).

- | | |
|---|---|
| 1. <input type="checkbox"/> b Use silence | a. <i>check with a higher authority</i> before making any decisions |
| 2. <input type="checkbox"/> Lowball | b. sit back, wait, and let <i>not saying anything</i> work to your advantage |
| 3. <input type="checkbox"/> Pinpoint the need | c. use <i>questions</i> to assess your counterpart's position |
| 4. <input type="checkbox"/> Challenge | d. <i>take a break</i> (for a few minutes or more) to reevaluate your position |
| 5. <input type="checkbox"/> Think things over | e. find the <i>midpoint</i> between two offers |
| 6. <input type="checkbox"/> Split the difference | f. <i>attract</i> your counterpart with one offer, then <i>hook</i> them with another |
| 7. <input type="checkbox"/> Flinch/Wince | g. figure out what's possible after <i>finding out exactly</i> what the limits are |
| 8. <input type="checkbox"/> Claim limited empowerment | h. <i>act stunned</i> at the first offer (because you can always do better) |
| 9. <input type="checkbox"/> Try test queries | i. go for the <i>lowest</i> possible price |
| 10. <input type="checkbox"/> Bait and switch | j. put your counterpart on the <i>defensive</i> in order to win concessions |

Now discuss the following questions.

1. Have you ever used any of these tactics when you negotiated something? If so, how well did they work?
2. Are there any tactics you haven't tried before but would like to if given the opportunity?
3. Would all of these tactics work well in your culture? Explain.

Part 6: With a partner, put yourself in the following situations and conduct negotiations. Be sure to use business communication strategies and negotiating tactics. In addition, try to avoid making any critical negotiating mistakes and strive for an outcome that is satisfactory to both of you.

1. *Negotiate the price of a house.*

A: You are a realtor. You are representing a homeowner and you are looking to make the biggest possible commission on the sale of a house for yourself. Emphasize the following points in your negotiation: good neighborhood, excellent schools, close to public transportation, spacious home, big bedrooms, old (1935) yet newly renovated (nothing needs to be repaired or replaced), big lot with a beautiful back yard, and great resale value. The asking price is \$350,000.



B: You are a prospective home buyer. The property you are looking at is very attractive to you. You have questions about the following: the neighborhood, schools, public transportation, when the house was built and if it is in need of any repairs, and resale value. The absolute maximum you are willing to spend is \$325,000, but you would like to buy the house for less than \$300,000.

2. Negotiate a starting salary.

- A: You have just completed your MBA degree from one of the best business schools in the world and are looking for a job as a management consultant. In addition to your prestigious degree, you worked for a management consulting firm for five years before going to graduate school. You are well qualified to work for any of the top firms around the globe. You also know that the average salary for someone in your position is approximately \$100,000 per year, to include a signing bonus of about \$20,000. In your job interview, you are trying to get the best possible salary and signing bonus. Emphasize that this is the job you want more than any other that you've applied for.
- B: You are a prospective employer with a top management consulting firm. Every year, you recruit a select few graduates from the top business schools in the world. You are interviewing a well-qualified applicant who really wants to work for your firm, but expects to be paid well for their experience and educational background. You are prepared to offer a salary of \$85,000, and a signing bonus of \$15,000.

3. Negotiate the terms of a contract.

- A: You are a wholesale shoe supplier. You offer low prices on brand-name athletic shoes to retailers, to include discounts on large orders. The most popular pair of shoes you supply is in high demand at the moment. You are willing to sell 100 pairs for \$2500, 200 for \$4800, and 300 for \$6900.
- B: You are a retail outlet owner selling athletic shoes. You would like to buy more of the hottest pair of shoes on the market from a wholesaler. You have found one wholesaler who seems to offer good deals on bulk orders. Ideally, you would like to buy 250 pairs for less than \$5000.

4. Negotiate a labor dispute.

- A: You are the owner of a professional sports team. You want to impose a salary cap* on players' salaries to keep expenditures down, as well as to balance the league so that a wealthy team cannot become dominant simply by buying all the top players. The deadline for an agreement is one week away. If a deal cannot be reached by then, the players will go on strike indefinitely. This will result in the loss of revenue and jobs at every level of the sport.
- B: You are a professional athlete and a representative of the players' union. You believe that a salary cap is simply a way for the owners to get an unfair advantage in labor negotiations with players. Moreover, you strongly believe that there should be no artificial limit on what any athlete is able to earn if they have the talent.

* salary cap means a limit on the amount of money a team can spend on player salaries.

Section 3 ♦ Reading: Win-win negotiating

Understanding your counterpart's needs and finding a way to meet them, while meeting your needs at the same time, is what good negotiating is all about. Always strive for a win-win result in negotiations. With the following exercises and article, you will have an opportunity to examine this issue and express your opinions about it.

- A. **Activate:** Think of two or three examples of negotiation in your personal life or at work where things went wrong and nobody was satisfied with the outcome.
- B. **Discuss:** With a partner, share your negotiating experiences and explain what went wrong. How would each of these situations have been different if everyone involved had striven for a win-win result?
- C. **Focus:** What do you already know about the issue of win-win negotiating? What would you like to know about this topic? Write two questions you would like the article to answer.

1

2

D. Read: Read the article.

Both parties in a negotiation want to win. A successful negotiation ends with a mutually satisfying outcome (*i.e.*, each side gets something they need). Disaster strikes when one party does not care about what the other side wants and tries to maximize its own benefit, which can lead to frustration, anger, and even revenge.

Preparation is the key to win-win results in a negotiation. There are several steps you can take to make sure that you are ready before you sit across the table from your counterpart. First of all, set clear goals and objectives. Having a clear focus about what you want to achieve will help you stay on task. If you do not know exactly what you want, you are leaving too much up to chance. This will cause unnecessary confusion and possibly derail the negotiation process.

Secondly, you need to be knowledgeable about all points and details that will be addressed in the negotiation. Being well informed will reduce anxiety and bolster your confidence. It will also show your counterpart that you are on top of your game and serious about the issues at hand.

Third, anticipate what your counterpart wants. Zero in on their beliefs, motives, and values in addition to their needs. This will help you develop your strategy and limit any surprises. It will also allow you to stay focused on your counterpart's overall aim.

Finally, make decisions about the high and low range of what you are willing to give and take. This will allow you to set clear limits and operate within those to your advantage and yet still guarantee a favorable result for your counterpart. You

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also need to have clear reasons why you set these limits. These should be based on thorough research about what is appropriate and desirable for both sides under the terms and conditions of what is being negotiated.

Now at the beginning of the negotiation process, state that your aim is to strive for a win-win result. Stay focused on what you want to achieve and be mindful of your counterpart's goals. If any disagreement or conflict should arise, remain calm and courteous, and seek a solution that will satisfy both sides.

While the negotiation is ongoing, ask questions to find out or verify what is important to your counterpart. Meaningfully address these and acknowledge points of agreement that you have reached periodically throughout the negotiation process. By doing this, you will refrain from focusing solely on your own needs. Remember, successful negotiation is a two-way street.

If, for whatever reason, you are unable to reach an agreement, agree to disagree for the moment. This will give you some time to think about the issues that were raised and how to go about resolving any points of contention, which you can address at the next meeting. It may take some adjustments, but a mutually agreeable outcome is certainly not out of your reach. Just let the preparation you have done and your negotiating acumen guide you to a win-win result.

E. Comprehension Check: Read the article again. When you are finished, try to fill in the following chart with details **without** looking back at the article.

Preparation – First

Preparation – Second

Preparation – Third

Preparation – Finally

Before negotiation starts

During negotiation

If unable to reach an agreement

F. Rethink:

What are the consequences of not striving for a win-win result in a negotiation?

Section 4 ♦ Activity: Negotiations and culture

Part 1: With a partner, read the text below and the points that follow.

Successful negotiation in world markets requires knowledge of historical, cultural, and religious forces that motivate and drive people in other countries. Skilled negotiators need to respect these forces, manage any differences during the negotiation, and strive for a mutually beneficial outcome. This entails working to minimize misunderstandings, building trust, and fostering positive emotions. Should negotiators choose not to do these things and operate as if they were still in their home country, conflicts will surely arise. To illustrate, take the case of Emily Johnson. She is an executive who works for a large American corporation and is about to embark on a business trip to negotiate a deal in your home country. When she arrives, she will not be very mindful of cultural differences. In fact, she will display many characteristics and beliefs that are common among business people in the United States, as well as some particular to herself. Among them:

1. She will have no problem doing business with someone she has never met before. Establishing a relationship with someone before doing business is not necessary for her.
2. After being introduced, she will use first names to address her counterparts. She believes this will make people more comfortable and relaxed.
3. She will place a high priority on time. She expects people to be punctual, and she believes that “time is money.”
4. She will show herself to be action-oriented. She strongly prefers to make decisions promptly and get things done.
5. She will go after the short-term result rather than trying to foster a long-term relationship with her counterpart. She is more interested in securing the deal than fostering a lifelong partnership.
6. She will show herself to be competitive and display an individualistic attitude. Modesty, team spirit, and collectivity are less important to her than achieving personal goals.
7. She is against nepotism and bribery. She feels that both of these are unethical.
8. She speaks only English. Her presumption is that you will provide any translation assistance.

Part 2: Discuss the following questions on a point-by-point basis.

1. If Ms. Johnson conducts a business negotiation in your home country and displays these characteristics, what conflicts may arise? Why?
2. What could Ms. Johnson do to improve her negotiating skills in your country and foster a win-win relationship with business people there?