

this analysis is that it will explain whether the cost exceeds beyond the projections or benefits fall short of expectations.

6. **Multi-voting:** Brainstorming generates many ideas to handle a problem, whereas multi-voting is effective when many people are part of decision making. Through multi-voting a large list of choices is reduced or narrowed down to a small list of top choices for further consideration or research. This technique is greatly helpful when an option or decision is favoured by most people but is not the top priority of any one of them.
7. **Decision matrix analysis:** It is a powerful technique for making a decision. It enables leaders to assess all available options and prioritise them when searching a solution for a complex problem. This technique is highly useful when you have a number of good alternatives and many other factors to look into for taking a crucial decision. You use this technique by listing all values (options) in rows and all factors in columns in a tabular form. You can give each combination (rows and columns) a weighted ranking to ascertain which factor is crucial in decision making. All the factors under each option is added up to know the highest score about what decision is to be made or what issue is to be addressed first.

While taking any decision, leaders must weigh the pros and cons of these techniques and choose the one or may be a combination of them to serve their organisational purpose in the best possible way.

*"During a negotiation, it would be wise not to take anything personally. If you leave personalities out of it, you will be able to see opportunities more objectively."*

— Brian Koslow

## 14.5 NEGOTIATION FUNDAMENTALS

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Negotiation is an art which you learn at every stage of life. You negotiate with people every day on various personal and professional issues.

Professionally, the focus of your negotiations could be: resolving employees' issues, team work, improving business relationships, etc. Young children also negotiate with their parents to get things of their choice. They may put conditions like 'If I study, would you buy me the Firefox?' And most of the parents end up responding positively to this condition. Some people term negotiations as bargaining or haggling. However, negotiations are a means through which you can resolve your differences with people at the workplace or with your family without getting into a dispute or by resorting to heated arguments. At the workplace you negotiate because there is disagreement between you and your colleagues regarding the solution of a problem or goals of a project. If two parties conduct negotiations by keeping their ego aside, it can be beneficial to both. They also need to follow the principle of fairness to safeguard their mutual benefits and relationships. Good communication and interpersonal skills are essential to conduct effective negotiations. For successful negotiations, two parties sit across the table and discuss all possible ways to resolve some issues or finalise a business agreement. They accept the way that is most suitable to both the parties. For conducting fruitful negotiations, the following points must be taken care of.

- With all planning and preparation, a decision may go wrong but a true leader is one who emerges from such occasions and still manages the situation.
- Negotiation is a more precise and calculative work. It is highly desirable to be armed with right information supported by strong research and credible facts and figures.



'I win, you win' is the negotiation.

**Preparation:** Before sitting across the negotiation table, skilled negotiators do proper preparations, like determining the goal of negotiations and possible alternatives to be discussed for reaching the goal. Negotiators must look at the earlier deals where they or their colleagues had concluded agreements to reach organisational goals. Past deals can give clues about how to initiate and move forward in negotiations.

**Problem analysis:** Analyse the problems which are the focus of negotiations and see the benefits accruing to the negotiating parties from the resolution of the problems. All the issues – main and periphery – associated with the problems should be identified and the possible outcomes listed. A thorough preparation about all the essential elements makes you a perfect negotiator. A better agreement to a well-defined problem leads to an amicable promising solution than a great solution to an ill-conceived problem.

**Emotional balance:** It is very important to maintain composure during negotiations to arrive at correct decisions. Emotions have no room in negotiations they can lead to wrong decisions out of frustrations caused by emotional imbalance. If an employee has become adamant to go on leave and in the prevailing office situation, the leave cannot be allowed. But the boss because of emotional considerations allows the employee to take leave, and the office work suffers. In another example, if to keep employees in good humour, the boss takes the irrational decision of granting them pay hikes, though the company does not have enough resources to bear this hike, it will again not be a right approach to handle the situation. It is better not to negotiate and walk away from the deal with your papers than losing one's trust and temperament.

**Effective listening:** During negotiations it is very important that both the parties should not talk excessively. They should also be patient enough to listen to each other. They must pay full attention to non-verbal cues and interpret them properly. Non-verbal cues speak volumes about the real intention of negotiators. If you are a good listener then

this will enable you to identify those points of compromise where you are not going to lose much. So do not waste your energy by indulging in unnecessary talk.

**Teamwork:** Negotiation is not always one-to-one. It can be many-to-many or one-to-many. If the group works according to team plan with good relations and understanding, the outcome can be favourable. Both the sides should think to work together to reach to win-win situation.

**Communication with words:** Articulate negotiators have an advantage over others as they can communicate with clarity and effectiveness. Good communicators leave less scope of creating misunderstandings, and therefore can come out with several permutations and combinations of the problem. You can choose passive, aggressive or assertive style while negotiating but assertive style will be the best choice to get mutually beneficial outcomes from negotiations.

**Interpersonal skills:** Interpersonal skills are a key factor in maintaining good relationship with the people involved in negotiations. The negotiator must maintain composure and patience and should be able to persuade his/her counterpart without manipulations. This helps in maintaining a cordial relationship between negotiators.

A negotiation is basically an act of giving and taking. You should know what you can give in return of what you get from other.

**Decision making ability:** Leaders must be quick in taking right decisions during negotiations. Indecisiveness on their part can let a bargaining or beneficial opportunity slip from their hands. If decisions are not made then the deadlock will remain as it was before the start of negotiations.

**Ethics:** Trust between the parties involved in negotiations can be built only if both the parties conduct themselves in an ethical way. They must fulfil the promises made to each other after reaching certain decisions during negotiations. Whatever be the decisions, both the parties should respect what has been agreed upon.

*"You can't negotiate with people who say what's mine is mine and what's yours is negotiable."*

— John F. Kennedy

## 14.6 NEGOTIATION STYLES

There are three basic negotiation styles a negotiator can adopt. These styles are explained below.

### 14.6.1 Red Style

The Red Style negotiators' are highly competitive and therefore considered intensely competitive/ distributive bargainers. They follow the ideology that one side's gain is other side's loss (also called zero sum or value claiming). They are self-centred, hard negotiators who do not trust the other party and therefore focus on gaining the maximum share of the pie.



### 14.6.2 Blue Style

The Blue Style negotiators adopt a cooperative style and believe in looking for a wide range of interests to be addressed and served. They focus on building long-term relationships for mutual benefit of the

parties involved in negotiations and create value for them (also called non-zero sum or value creation).

### 14.6.3 Purple Style

The Purple Style negotiators represent a fusion of Red and Blue Style negotiators. They believe in Give/Get principle, that is having a trading behaviour where they gain something of their choice and give something of others' choice. They are called principled negotiators as they use a strict tit-for-tat strategy. They are open, learnable, cautious and decent.

## 14.7 MAJOR NEGOTIATION CONCEPTS

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The following concepts help both the sides make informed decisions about possible options for a deal. With these concepts, they explore what are their 'best' and 'worst' points and how are they going to negotiate them along any alternative deal.

### 14.7.1 BATNA (Best Alternative to a Negotiated Agreement)

While preparing for negotiations, you investigate which resources you control or influence that can serve your interests. This establishes the baseline of your walking-in BATNA. This helps you create a benchmark against which you can measure whether the negotiation process is strengthening, weakening, or changing your BATNA. The term BATNA was coined by Roger Fisher and William Ury in 1981. It means the best you can do if your counterpart refuses to negotiate on terms acceptable to you. BATNA provides you a clear picture of what is in your piggy bag if you decide to walk away from the negotiation table without an agreement. For instance, you go to buy a watch. One shopkeeper offers you a watch for Rs. 2500. You move to the next shopkeeper who offers the same watch at Rs. 2550. You start negotiating for a price reduction. You already have a BATNA of Rs. 2500 and want the shopkeeper to settle for a price below Rs. 2500.

BATNA is crucial for negotiations as no decision can be made without knowing what alternatives are available. Before starting negotiations put all the possible choices on your side. Having a good BATNA enhances your negotiating power because if you are aware of good alternatives then you need not concede much. You can also force the other side harder. You will not even care much whether you achieved the target or not. If you do not have a good BATNA, then you will give in to the other person's demand. So improve your BATNA as much as possible to be a good negotiator.

Be clear about your negotiation style. Know and chalk out your list of goals and decide which issues you can compete, compromise, or avoid to cut a deal.

#### **14.7.2 WATNA (Worst Alternative to a Negotiated Agreement)**

The term WATNA defines the leverage the other party has over you in the negotiation process. It works positively for your counterpart in negotiations than you.

#### **14.7.3 ZOPA (Zone of Possible Agreement)**

It refers to the overlapping of the aspiration ranges of the two negotiating parties. In other words, it represents a range of prices within which the negotiating parties may reach an agreement.

Before every negotiation, one should be prepared to handle the following questions:

1. What are the negotiation objectives?
2. Are you going to address critical factors like time, prices, performances and technology?
3. What is the scope of your negotiation plan? What you may surrender or what you may not compromise with?
4. Are you planning to take a greater risk for greater margins of return?

- Are you prepared to face the consequences if negotiation breaks down?

## Summary

Decision making and problem solving abilities are the key skills for doing good in business and life. How we explore a problem and come to a solution exhibit our managerial acumen and leadership vision. Decision making is the process of weighing our choices, comparing them and taking the right call. For making a good decision, a leader must have clear thinking, strong conviction and effective implementation of decision. His/her ability to take right decisions has an important bearing on the future and growth of his/her organisation. Every organisation emphasises on right and timely decision making and effective negotiations as they are vital for its progress and productivity. Effective and successful decision making requires following a systematic process: identifying and analysing a problem, gathering all the facts, pondering over available choices, choosing the best option and taking action for implementation of the chosen. There are many techniques that leaders can use, like brainstorming, multi-voting, decision matrix and nominal group, to assess their alternatives before coming to the final choice. Negotiation is the organised process through which two parties try to settle a dispute or reach an agreement. The negotiation process demands that we listen to our counterparts in negotiations, respect them and treat every issue seriously. Negotiation ability is a skills that we use all our life time. It is not about winning every time but succeeding while collaborating with others. It is exploring a common link between two or more groups to resolve a dispute and reach an agreement.