

Unit 6

Negotiation Skills



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1 What is Negotiation

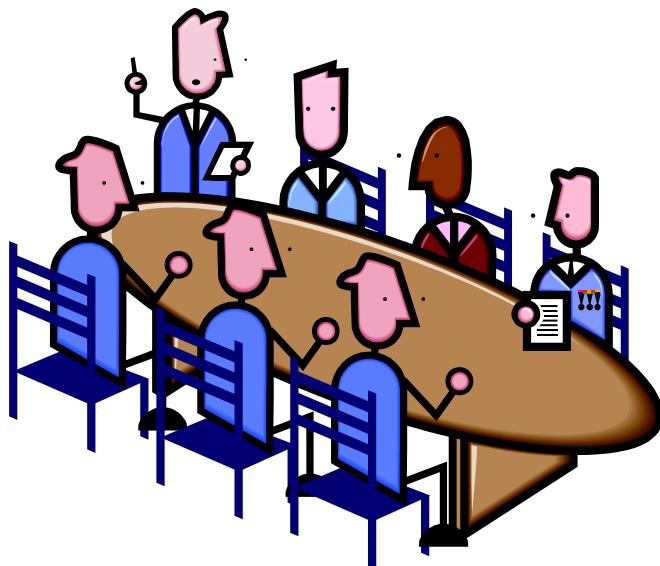
Negotiation is the process of satisfying needs by reaching a mutual decision. When someone has something we want and we have something they want, we bargain, haggle or barter to make a deal.

Some examples include job contracts; buy or sell anything, resolving conflicts and differences, work plans and projects, even deciding which movie to watch or where to go for lunch.

Think Through This...

Put a tick next to the following examples that you think can improve your position through negotiation:

- Buying a computer at a shopping mall
- Deciding on a holiday destination
- Getting a pay raise
- Choosing an interior designer to decorate your house
- Deciding when to meet for project discussion
- Buying a second-hand bicycle
- Discussing your assignments with your manager



2 Effective Negotiation

Effective negotiation starts with a POSITIVE attitude. Attitudes influence our motives and objectives which in turn controls how we negotiate. In addition to having a right attitude, we make use of a 4-D model for effective negotiations.

The 4-D model can be broken up into three phases:

- Design Phase
- Dig / Develop Phase
- Decide Phase

In the **Design Phase**, we

- set goals to maintain our relationship and what we hope to achieve
- construct an agenda where both parties' interests, available options and possible no-deal scenarios are considered
- prepare a consistent message through our speech and behaviour during the negotiation process

In the **Dig / Develop Phase**, we

- discover one another's interests, what can be shared and what not to disclose
- brainstorm options
- narrow down using the criteria set by your respective companies or yourselves
- be ready for no-deal scenarios

In the **Decide Phase**, we

- move towards a “yes” or “no” conclusion without coercion
- “yes” means parties agree to a joint decision to shared problems or needs
- “no” means parties resort to their back-up plan or possible bottom line defining how far you are willing to go without over- or underestimating one’s position

2.1 Developing a Win-Win Approach to Negotiation

Successful negotiations are those that end with something both parties need. A win-win approach ensures that both parties are satisfied with the outcome and are willing to work with each other in the future.

Think Through This...

Which of the following are characteristics of a **win-win approach**?

- I am cooperative.
- I listen and am genuinely interested in the other party's needs.
- I have a win-win attitude.
- I understand the importance of the give-and-take principle in successful negotiations.
- I am flexible in my approach and willing to make concessions to attain what I want.

I state my concerns and needs clearly to the other party.

2.2 Characteristics of a Successful Negotiator

Think Through This...

The following table depicts the personal characteristics for a successful negotiation. Circle the number that best reflects you: the higher the number the more that characteristic describes you.

When you have finished, total up your score to see what you already have and which areas you need to nurture.

I am willing to research and analyse issues fully. 10 9 8 7 6 5 4 3 2 1

I am committed to a win-win approach. 10 9 8 7 6 5 4 3 2 1

I am sensitive to the needs of others. 10 9 8 7 6 5 4 3 2 1

I am a good listener. 10 9 8 7 6 5 4 3 2 1

I will compromise to solve problems when necessary. 10 9 8 7 6 5 4 3 2 1

I have a high tolerance for conflict. 10 9 8 7 6 5 4 3 2 1

Patience is one of my strong points. 10 9 8 7 6 5 4 3 2 1

I can identify bottom line issues quickly. 10 9 8 7 6 5 4 3 2 1

Personal attack and ridicule do not bother me unduly. 10 9 8 7 6 5 4 3 2 1

My tolerance for stress is very high. 10 9 8 7 6 5 4 3 2 1

Grand total: _____

80 and above You are a good negotiator. You recognise what negotiating requires and apply yourself accordingly.

60 – 79
still You should do well as a negotiator but there are areas that need improvement.

59 and below
or Go over the items carefully: Were you too hard on yourself

are those key areas that you need to focus on when negotiating?

Now that you've found out more about yourself as a negotiator, here are the 10 most important characteristics of a successful negotiator:

- Prepare and plan well
- Know your subject matter
- Think clearly and rapidly
- Express your thoughts clearly
- Listen and clarify
- Have good judgment
- Have integrity
- Persuasive
- Patient
- Decisive

And make sure you don't commit the following mistakes:

- Inadequate preparation
- Not willing to give-and-take
- Intimidating attitude and behaviour
- Impatience
- Losing your temper
- Talking too much and not listening
- Argue and threaten rather than trying to persuade and influence
- Ignoring conflict

2.3 The 16 Critical Success Factors

You can become a master negotiator by nurturing the following factors:

1. **Prepare** thoroughly

It makes all the difference between success or failure. Time spent on background work repays itself a thousand times over.

2. Focus on **interests and needs** rather than positions

Look to reconcile interests and needs – yours and theirs.

3. Best Alternative To A Negotiated Agreement (**BATNA**)

BATNA provides protection, flexibility and encourages creative and imaginative problem resolving.

4. Know your **priorities**

Value every issue and rank them in order of importance.

5. Make time work for you

Top negotiators don't get frazzled by pressure, whether internal or external. They have great patience and make time their friend when seeking a successful deal.

6. Ask lots of questions

Ask twice as many questions because they help to uncover needs, provide more information, diffuse conflict, persuade and keep you in control.

7. Listen actively

Don't get distracted by how you feel. Instead, build rapport and demonstrate understanding by reflecting what the other party is saying and feeling. Summarise regularly to keep the negotiation on track.

8. Assert your needs

Use assertive language and behaviour to state clearly what you think, want and feel. Choose your words and watch your body language carefully to convey strength and authority.

9. Probe using conditional proposals

Skilled negotiators probe for areas of improvement with brief, tentative proposals, make few instant counter proposals, regularly summarise the areas for improvement and rarely say no.

10. Explore lots of options

Increase the number of variables and possibilities as this creates more options for mutual gain. The more variables, the better the chance for a win-win settlement.

11. Start high, concede gradually

Aim high and create room to move and concede gradually with small concessions at a controlled rate. Make sure the other party also does the same.

12. Verify what has been agreed

Always go over every point of agreement by summarizing on paper and make plans to meet and settle future differences

13. Review your performance

Learn from your mistakes. Go over the negotiation process and identify areas for improvement.

14. Build long-term working relationships using the 3 Rs

Successful negotiators are **Reliable**, **Rational** and **Receptive** no matter how the other side behaves.

15. Maximise your power

Skilled negotiators know how to play a poor hand because power is merely a matter of perception.

16. Adapt your strategy to fit the situation

The best negotiators are win-win motivated. They are constructive, explore options for mutual gain and seek to satisfy both sides' interests and needs. They are also adaptable and adjust their strategy and tactics constantly to fit the situation.

3. The 5 Modes of Negotiation

The diagram below, adapted from Thomas-Kilmann's "Conflict Modes," develops the competitive-cooperative spectrum to describe five ways of handling conflict.

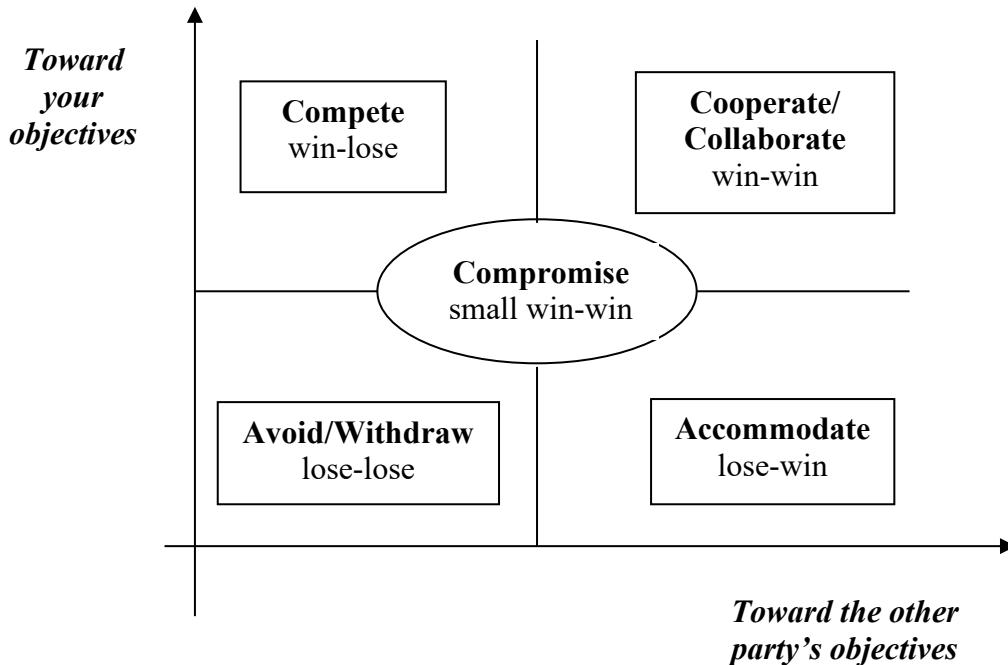


Fig 1: Conflict Modes

Any one of the following five options may be appropriate as a style preference depending on the circumstances and the outcome you want.

It may be **right** to

- **compete** when you stand up for something in which you strongly believe, even if it leads to confrontation
- **accommodate** when you decide to yield to the other party
- **avoid/withdraw** when you judge the matter is trivial or feel discussions are better postponed to another time
- **compromise** when time is tight and you need to accept a partially satisfactory solution
- **cooperate/collaborate** when you want to take the time to search for an answer that fully meets both sets of needs

A Final Word: BE CREATIVE!

To have an effective negotiation, be creative! Try to be open to seemingly wild or improbable ideas, see things from a new angle, seek alternatives and don't be afraid to bend the rules if it means a win-win solution to your problems or needs!