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Know what you want

AIMS

- Types of negotiation
- Preparation for a negotiation
- Making an opening statement

1 Types of negotiation

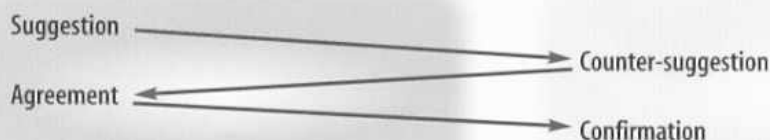
What do you understand by the term 'negotiation'? In pairs, work out a short definition.



1 Listen to the recording of a conversation between two friends. Identify:

- a) the first suggestion
- b) the counter-suggestion
- c) the agreement.

2 Here is a representation of the typical structure of a negotiation. Compare this with the conversation you have just listened to.



In pairs, suggest a short business conversation with the above structure.

- 3 a) Listen to a recording of three extracts, each part of a different type of negotiation. Match each one to the correct picture, A, B or C.



- b) Listen again. Match each negotiation to one of the three types described below, X, Y or Z.

X – A business negotiation can be similar to a discussion between friends fixing a social engagement. Two parties have a shared objective: to work together in a way which is mutually beneficial. Proposals and counter-proposals are discussed until agreement is reached. Both sides hope for repeat business. This is an **agreement-based negotiation**, sometimes referred to as a **win-win negotiation**.

Y – Two other types of negotiation are less founded on mutual benefit, but on gaining the best deal possible for your side. In the first type, both teams negotiate to **independent advantage**. This means that each team thinks only about its own interests. In this type, a seller typically seeks to sell a product but is less concerned about repeat business.

Z – A third type is the negotiation to resolve conflict, for example in a contractual dispute. Here, it is possible that each party regards the other as an opponent and seeks to win the argument. This is a **win-lose negotiation**.

Discussion

Suggest other situations which match each of the three types of negotiation described here. Think of examples from your own experience.

2 Preparation for a negotiation

What considerations are important in preparing to negotiate? In pairs, suggest as many as you can.

- 1 Listen to the recording in which a Management Communications Consultant, Diana Ferry, talks about preparing for a negotiation. Mark the seven points below in the order in which she mentions them. The first is already marked as an example. Identify your minimum requirements. ☐
- Prepare your opening statement. ☐
- Decide what concessions you could make. ☐
- Know your own strengths and weaknesses. ☐
- Know your role as part of a team. ☐
- Prepare your negotiating position – know your aims and objectives. ☒
- Prepare any figures, any calculations and any support materials you may need. ☐

2 Match each of the four aspects of good preparation on the left with *why* they are important on the right. If in doubt, check your answer by listening again to the recording.

- | | |
|--|---|
| a) Knowing your aims and objectives | i) means you can support your argument. |
| b) Knowing your own strengths and weaknesses | ii) helps clear thinking and purpose. |
| c) Preparing any figures, calculations and other materials | iii) creates reasonable expectations. |
| d) Preparing an opening statement | iv) helps you to know the situation or context in which you want to work. |

Practice 1

1 Look at the cartoon and think about these questions.

- How could the negotiation have been more successful?
- How would a sales representative need to prepare for a meeting in which he / she planned to ask for a pay rise?
- What would the sales manager need to think about?



'I've come to ask for a pay rise for the team.'

2 Divide into two groups, A and B. Read the notes for A or B below. In groups prepare a negotiation position. Then choose a partner from the other group to negotiate with. Try to reach a better solution than the one in the cartoon above.

Group A

You are sales managers in a large automotive components manufacturer. You are having a meeting with the leader of your team of sales representatives to negotiate new contracts. Sales have not increased in the past year and so you do not want to increase either the reps' pay or their commissions.

Group B


You are the leader of a team of sales representatives. Your pay and commission have not increased for three years. You have a meeting with your sales manager to try to renegotiate your contracts.

When you have finished, report the results of your negotiation.

3 Making an opening statement

Most formal negotiations begin with an opening statement from each side.

What do you think an opening statement should include?

-  1 Listen to a recording of part of a meeting between a small Singaporean software company called LP Associates and a possible partner, Kee Ltd., in a joint venture. You will hear part of an opening statement from Stella Wang, the Production Manager at LP Associates. Tick (✓) four of the eight statements below which best represent what she says.

LP Associates want to reach a final agreement in this negotiation. ☐

These are preliminary talks. ☐

The two parties want to resolve a conflict. ☐

They want to agree on a name for the joint venture. ☐

LP Associates would like to consider joint product development. ☐

They would also consider licence agreements. ☐

LP Associates want to agree a complete sale of their ideas. ☐

They want to consider working on a consultancy basis. ☐

-  2 Listen again. Complete the following phrases from Stella's opening statement.

a) Well, thank you _____.

b) May I begin by _____.

c) First of all, we see it very much as a first meeting, a _____ to _____ in which we can perhaps ...

d) There are two, possibly three, ways in which we _____.

e) I'd like to _____ these under three headings.

- 3 Compare Stella Wang's opening statement with the suggestions you made at the beginning of this section.

What did she include that you also suggested?

What other things did she include?

Practice 2

- 1 Suggest phrases for each of the following at the start of a negotiation.

a) Welcome the other side.

b) Develop small talk (trip, weather).

c) Mention plans for lunch – make your visitors feel welcome (see city centre / local restaurant).

d) Suggest you start talking about the main subject of your meeting.

e) Introduce a colleague (Luke Fox, Marketing Department).

f) Explain general aim or purpose of the meeting (preliminary / exploratory).

g) Say what your side wants from the meeting (establish beginnings of a partnership / learn about supply systems / price variations and supply costs.).

- 2 Try to bring together many of the phrases above in a single opening statement.

Practice 3

Choose one of the following two situations to prepare an opening statement in a negotiation.

Remember to include welcoming remarks and some general comments on your expectations for a successful meeting and an agreement which leads to a lasting partnership.

Situation 1

Your company, Ultra Compo, is meeting representatives of OHTA Inc. from Tokyo. OHTA Inc. wants to set up an agency in your country to distribute its electronic components.

Objective

Exploratory talks to:

- a) know more about the products
- b) find out about OHTA's existing international distribution network
- c) discuss in general the terms under which the two companies could cooperate.

Independent objective: to internationalise your own company's activities and extend your product range.

Situation 2

You are interested in buying some land in a suburb of Lima in Peru, where you want to establish a distribution warehouse to serve the Andean region of Latin America. You have a meeting with the lawyers acting for the landowner, Puertos Callao S.A., a port authority in Lima.



Objective

Exploratory talks to find out:

- a) more about the land, its exact location relative to the port, airport, city centre, etc.
- b) the cost of the land
- c) the present condition of the land – existing buildings, etc.

Independent objective: to secure the land on the lowest possible terms, either by buying it now for cash, or getting a deal spreading costs over a longer term at low interest, or leasing the land.

Role play

This role play has three parts: to prepare for a negotiation; to prepare an opening statement; to make an opening statement.

You will work in teams. Everyone should contribute to the first two parts and agree on one or two people to actually present the opening statement prepared by the group.

Divide into teams of up to four people, Team(s) A and Team(s) B.

In your preparation, you will need to think about how to establish a good working relationship with the other side from the very start.

Team A should look at File card 14A. You are representatives of Coen Brothers, manufacturers of prefabricated industrial buildings.

Team B should look at File card 14B. You are representatives of Fratelli Taviani, an Italian agricultural feeds manufacturer.

TRANSFER

Either think of any kind of negotiation that you may be involved in at work with colleagues, with your boss, or with another company.

- How do you need to prepare for the negotiation?
- What is your objective in the negotiation?
- Assuming you will not get everything you want, what is your best realistic alternative?
- What is the level at which you could realistically settle?

Or consider a negotiating situation in your private life, for example in negotiating with your bank or with a company trying to sell you a major consumer item, such as a car, a holiday, a house, furniture, etc. Consider the same four questions as above.

Language Checklist

Negotiations (1)

Making an opening statement

Welcoming

Welcome to ...

I'm sure we will have a useful and productive meeting ...

First meeting

We see this as a preparatory meeting ...

We would like to reach agreement on ...

One of a series of meetings

Following previous meetings we have agreed on some important issues. Today we have to think about ...

We have reached an important stage ...

Stating your aims and objectives

I'd like to begin with a few words about our general expectations ...

May I outline our principal aims and objectives today ...

We want to clarify our positions ...

We have a formal agenda ...

We don't have a formal agenda, but we hope to reach agreement on ...

There are three specific areas we would like to discuss. These are ...

We have to decide ...

Stating shared aims and objectives

Together we want to develop a good relationship ...

We agree that ...

It is important for both of us that we agree on ...

Handing over

I'd like to finish there and give you the opportunity to reply to this.

I'd like to hand over to my colleague ..., who has something to say about ...

Skills Checklist

Negotiations (1)

Planning and preparation

Type of negotiation

- towards agreement
 - both teams try to suit joint interests
- independent advantage
 - each team aims to get best deal
- conflict
 - a team aims to win and make the other team lose

Purpose of negotiation

- exploratory (possible areas of interest)
- conciliatory (resolving differences)
- work towards a contract

Targets

- scale (e.g. 1–10)
- decide realistic maximum and minimum acceptable scores

Facts and figures

- prepare statistical data
- know facts
- prepare visuals

Strengths and weaknesses

- list your bargaining strengths
- know your possible weaknesses
- calculate your bargaining position

Possible concessions

- plan your bargaining strategy
- list essential conditions – impossible to concede
- list possible concessions

Opening statements

- state general objectives
- state priorities
- state independent (not joint) objectives
- be brief

Quick Communication Check

1 Negotiations vocabulary

Match the word to the correct definition.

- | | | |
|---------------|-------|---|
| 1 agenda | _____ | a) a legal document that gives details of an agreement |
| 2 compromise | _____ | b) meeting between at least two parties that aims to reach an agreement |
| 3 proposal | _____ | c) plan for the meeting or negotiation |
| 4 priorities | _____ | d) information used to help make your point in a negotiation or meeting |
| 5 contract | _____ | e) agreement that is between the starting positions of both sides |
| 6 evidence | _____ | in a negotiation |
| 7 negotiation | _____ | f) most important needs or demands |
| 8 agreement | _____ | g) position (maybe a final one) that both sides accept |
| | | h) offer |

2 Preparing for a negotiation

- Not all negotiations (or meetings) have a formal a _____.
- You should know your s _____ and w _____.
- Establish your o _____.
- Have all the i _____ you need.
- Prepare any v _____ supports.
- Prepare an o _____ s _____.

3 About the opening statement

Mark the following statements as True (T) or False (F).

- Everyone present should make an opening statement. _____
- The opening statement explains the purpose of the meeting. _____
- It is a good idea to make positive comments about the other side in the negotiation. _____
- In most situations it is best to try to work with and not against the other side. _____
- Both sides usually make an opening statement. _____
- It helps to try to understand the other side's point of view. _____
- The opening statement explains your minimum requirement from the negotiation. _____

Key
 1 F. Each side should give an opening statement. 2 F. The opening statement is a greeting and a general statement of objectives. 3 T. 4 T. 5 T. 6 T. 7 F. It is not a good idea to give such important information at the beginning of a negotiation.
 8 F. agenda, 2 strengths and weaknesses, 3 objectives, 4 information, 5 visual, 6 opening statement
 1 c), 2 e), 3 h), 4 f), 5 a), 6 d), 7 b), 8 h)