

14

Getting what you can

AIMS

- Bargaining and making concessions
- Accepting and confirming
- Summarising and looking ahead

1 Bargaining and making concessions

A key principle in negotiating is to give a little and get a little at the same time.



1 Read the following extract. According to the writer, are these statements about negotiating True (T) or False (F)?

- a) Decide on the most important and less important issues.
- b) Try to guess what the other side thinks.
- c) Note answers to the questions you ask.
- d) Deal with issues in isolation, one at a time.
- e) Make concessions and get a concession in return.
- f) Tough bargaining can combine with a spirit of cooperation.
- g) If there are problems, you have to accept or reject what is on offer.

☐
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Effective negotiating requires clear thinking and a constructive approach

It is necessary to have a clear understanding of what for you are the most important issues and at the same time what for you are less important. Try to identify aspects in the second category where the other side will be very happy to gain concessions. Give what is not so important for you, but is valuable for the other side.

5 To do this, you have to do the following:

- Check every item of what the other side wants. Ask how important items are and look for flexibility.
- Do not guess their opinions or motives – you could be wrong, or they won't like your speculation.
- 10 • Note the other side's answers, but don't immediately say what you think.
- Avoid being forced into considering one issue alone, consider two or three at once – aim for an agreement to a package.

If there are big differences between the two parties, you have a choice of these options: to accept, to reject, or to carry on negotiating. If you decide to carry on, then the options in the next round are:

- 15 • to make a new offer
- to seek a new offer from the other party
- to change the shape of the deal (vary the quantity or the quality, or bring in third parties)
- begin bargaining.
- 20 Your bargaining should be governed by three principles: be prepared, think about the whole package, and be constructive. In preparing, you must identify the issues, and prepare your bargaining position. You need:
- an essential conditions list – issues where you cannot concede anything
- a concessions list – issues where you can make concessions
- 25 • to grade the concessions from the easiest to the most difficult, where you need most in return.

As for the package, you must look for agreement in principle on a broad front. When the time comes for compromise, each party will concede on one issue if they win a concession on another.

- 30 The final principle is to be positive and constructive. You should be fair and cooperative, even during difficult bargaining. This approach is most likely to move the negotiation towards a settlement that both sides feel is to their advantage.

Adapted from 'Negotiating', by Bill Scott. *Gower Handbook of Management* (London: Gower Publishing Ltd., 1988).

2 Read the text again. Identify the following:

- a) how to respond to what the other side wants
- b) three ways to change a deal
- c) three actions to prepare for bargaining.

3 Listen to a recording of part of a negotiation between Arco, a German-owned manufacturing company in Ireland, and an Irish research company called Central Auto Systems, CAS.

Twelve months ago Arco and CAS agreed a joint development programme to manufacture an engine designed by CAS. However, Arco has recently carried out a major restructuring of its activities. The company has decided not to proceed with the joint venture for the new engine.

The negotiation is about ending the joint venture and agreeing compensation for CAS. In the extract, you hear Dietmar Töpfer and Erich Rinalder of Arco talking to Celia Spencer of CAS. Listen once and mark the following as True (T) or False (F):

- a) The reversal of rights is linked to the compensation agreement. ☐
- b) Dietmar Töpfer thinks Arco's work on the fuel system must be considered. ☐
- c) It will be difficult for CAS to find a new partner. ☐

4 Listen again. Identify examples of language used to link agreement on one issue to agreement on a different issue. Complete the spaces in the sentences below:

- a) We want compensation to _____ our work _____.
- b) Yes, we _____ to that, _____ we can accept your compensation demands.
- c) So, we need to _____ the question of rights to compensation.
- d) The problem is that _____ revert all rights, we _____ keep the compensation within _____.

Practice 1

Make sentences which include concessions based on the prompts below. The first is done for you as an example.

- a) a better warranty / quicker payment terms
We could offer a better warranty if you would agree to quicker payment terms.
- b) free delivery / larger order
- c) free on-site training / small increase in price
- d) 5% discount / payment on delivery
- e) extra £50,000 compensation / agreement not to go to law
- f) promise to improve safety for staff / agreement on new contracts
- g) better working conditions / shorter breaks

Practice 2

Work with a partner. Choose an item that one of you owns and the other would like to buy, for example, a house or car. Work separately to prepare a negotiation based on the sale of the item you choose.


Decide on various bargaining points, including price, extra benefits, guarantees, payment terms, delivery time, part exchange of other item(s), etc.

After brief preparation, begin your negotiation, each making an opening statement before beginning bargaining over the details of the agreement.

Note: You must reach agreement!

2 Accepting and confirming

An essential requirement in negotiating is to be absolutely clear what the other party is proposing and to state clearly what is being agreed. Inevitably, this involves a degree of repetition and paraphrasing. In the recording you are going to hear there are examples of this kind of repetition.

-  1 Before listening to another part of the negotiation between Arco and CAS, recap what was being discussed in the first extract.

In this next extract, Dietmar Töpfer and Erich Rinalder of Arco and Celia Spencer of CAS are discussing compensation to CAS, and a royalty payment to Arco on future production of the engine. Identify:

- why compensation is important to CAS
- the final agreement reached.

-  2 Listen again. As you listen, write in the missing words.

- CAS accepting the principle of a royalty:

We _____ a royalty, because once we're paying a royalty we've got an income to support it.

- Arco insisting on a 10% royalty and agreeing payment of two years' compensation:

Well, _____ a 10% royalty,
_____ that – the two years' compensation.

- CAS accepting this:

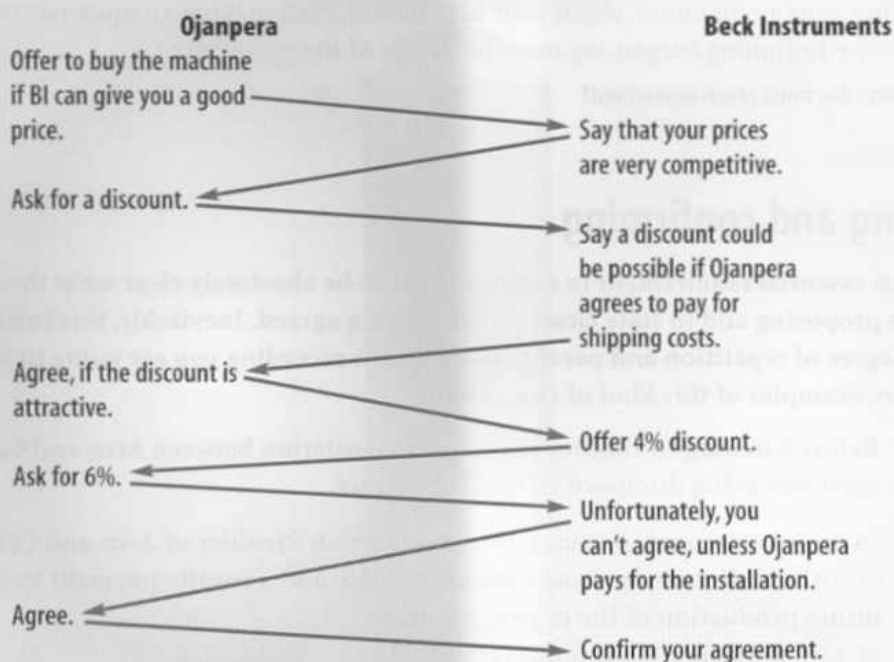
Okay, in principle _____ 10% –
_____ compensation based on two years' projected sales.



- Arco confirming what the parties have agreed:

Yes, okay. So, confirmation, to _____
we are agreeing ... we agree a two-year sales forecast compensation.


Practice 3

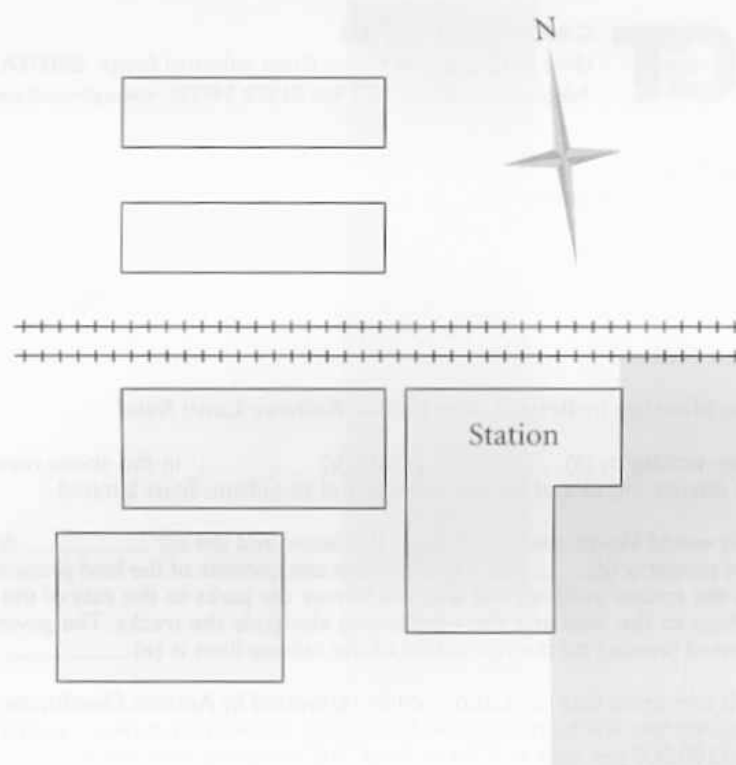
You and a partner are representatives of Beck Instruments and Ojanpera Inc., a machine tool maker. Ojanpera is in discussion with Beck Instruments to buy a machine, the BI25. Use the flow chart below to negotiate some aspects of an agreement for the sale of the BI25.




  Now listen to a recording of a model dialogue.

3 Summarising and looking ahead

-  1 Listen to a recording of discussions towards the end of a negotiation between Jill Kearne from Gibson Trust Ltd., a property developer, and Neil Finch, who is responsible for the sale of a former railway station.
- Complete the labelling of the plan of the area involved in the negotiation.
 - What is not included in the sale?
 - What will happen on May 15 and in September?



-  2 Listen again.
- How does Jill Kearne introduce what she wants to say? Complete the following:
 Well, _____ – go over the _____
 _____ on. Is that okay?
 ... Well, _____ is ...
 - How would you describe the atmosphere in this negotiation?

- 3 The following letter is from Gibson Trust Ltd. to a property developer, Aptrans Development Limited, summarising the points agreed in the negotiation between them and outlining the next steps. Complete the spaces in the letter with appropriate words from the box.

enclosed developed specified examined excluded signed
drawn up confirm included agreed



GIBSON TRUST LIMITED
Units 9-12 East Side Monks Cross Industrial Estate BRISTOL BS14 6TR
Telephone 01272 547777 Fax 01272 547701 www.gibsontr.com

Neil Finch
Aptrans Development Ltd.
140-144 Whitehall
London WC1 4RF

May 2 20—

Dear Neil,

Re: Meeting in Bristol, April 30—'Railway Land Sale'

I am writing to (a) _____ points (b) _____ in the above meeting, held to discuss the sale of former railway land to Gibson Trust Limited.

We would like to confirm through this letter and the (c) _____ drawings that the property (d) _____ in the above sale consists of the land presently occupied by the station buildings and also the former car parks to the east of the station, the offices to the west and the warehouses alongside the tracks. The government-owned housing on the north side of the railway lines is (e) _____.

We also agree that the station will be renovated by Aptrans Development Ltd. and that Aptrans will be responsible for running an eventual museum and paying a rent of £100,000 per year to Gibson Trust. The remaining land will be (f) _____ by Gibson Trust and later sold off separately. The development is intended to be for commercial and residential use. The eventual use of the land should be (g) _____ in the contract.

Our next meeting will be on May 15 at 10 a.m., at which development plans will be (h) _____. Soon after this, contracts will be (i) _____. Then we will need time to consider the contracts but hopefully they will be (j) _____ by the end of September.

Do contact us if you have any comments or alterations you would like to make to this summary. Thank you once again for a very constructive meeting and we look forward to seeing you again on May 15.

Yours sincerely,

Jill Kearne
Chief Negotiator
Encs. (1)

Practice 4

Imagine you are a participant in a subsequent meeting between Gibson Trust Ltd. and Aptrans concerning the sale of the former railway station.

You have made the following notes during your meeting. Use them to summarise and conclude your meeting, looking ahead to future steps.

1. *Station Renovation and Use*

- * approve plans to renovate station as a museum – links to local City Museum
- * museum – operated by Aptrans / all year round
- * gift shop
- * Study Centre – supported by University and City Library

2. *Other land*

to be developed by Gibson Trust / agreed commercial 50% and residential 50% – specified in the contract

Next steps: Finish contracts

Next meeting: exchange contracts – June 25 t.b.c.

  Now listen to a recording of a model summary.

Role play

Conduct a negotiation, involving bargaining and making concessions and accepting and confirming. Work in pairs, A and B. With your partner, choose one of the following topics:

- a) negotiating advertising space at football matches
- b) negotiating purchase of a luxury flat in Tokyo's Shinjuku district.

If you choose the first topic, look at File cards 15A and 15B.

If you choose the second topic, look at File cards 16A and 16B.

When you have finished one role play, *either* switch roles and repeat the exercise using the same topic, or change A and B and do the other topic. This way, both parties in the pair can practise buying and selling.

See who gets the best deal.

TRANSFER

Think of a negotiation you were recently involved in. What kind of negotiation was it?

How do you think it went?

Did you keep to the concession rules included in the Skills Checklist on page 140?

If you had the negotiation again, would you do things differently?

Language Checklist

Negotiations (2)

Bargaining

We can agree to that if ...
... on condition that ...
... so long as ...
That's not acceptable unless ...
... without ...

Making concessions

If you could ... we could consider ...
So long as ... we could agree to ...
On condition that we agree on ... then we could ...
Let's think about the issue of ...
We could offer you ...
Would you be interested in ... ?
Could we tie this agreement to ... ?

Accepting

We agree.
That seems acceptable.
That's probably all right.

Confirming

Can we run through what we've agreed?
I'd like to check / confirm / what we've said
I think this is a good moment to repeat what we've agreed so far.

Summarising

I'd like to run through the main points that we've talked about.
So, I'll summarise the important points of our offer.
Can we summarise the proposals in a few words?

Looking ahead

So, the next step is ...
We need to meet again soon.
In our next meeting we need to ...
So, can we ask you to ... ?
Before the next meeting we'll ...
We need to draw up a formal contract.

Skills Checklist

Negotiations (2) – Bargaining in negotiations

Concession rules

'A key principle in negotiating is to give a little and get a little at the same time.'

- Ask for concessions.
- All concessions are conditional.
- Conditions first: 'If ... then ...'
- 'It's a package.'
- Give what's cheap to you and valuable to them.

During the negotiation

Main speaker

- Create a joint, public and flexible agenda.
- Question needs and preferences.
- Don't talk too much.
- Listen.
- Don't fill silences.
- Build on common ground.
- Explore alternatives: 'What if ... ?'
- Be clear, brief and firm.
- Follow concession rules.

Support speaker

- Wait till the Chair or your main speaker brings you in.
- Be clear, brief and firm.
- Follow the concession rules.
- Support your main speaker:
 - Agree (nod, 'That's right ...')
 - Emphasise ('This point is very important.').
 - Add forgotten points ('And we must remember ...').
 - But don't make concessions for your main speaker.
 - Listen.
 - Don't fill silences.

Quick Communication Check

1 Bargaining and making concessions

Choose the right alternative from the words in italics.

- 1 It's okay with us *so long as* / *whereas* you can supply the goods by January.
- 2 *If* / *Unless* the specifications are right we'll be happy.
- 3 We won't pay that price *if* / *unless* you increase the quantity.
- 4 If you ask us to help you then *we'll* / *we do* send someone immediately.
- 5 If you pay in dollars we *had to* / *will have to* pay bank charges.
- 6 We can offer a discount *but only* / *however* if you pay at the time of the order.
- 7 We can reach agreement *unless* / *on condition that* the price is fixed for two years.

2 Accepting and confirming

A Match the word on the left to the correct meaning on the right.

- | | | |
|----------------------|-------|-----------------------------|
| 1 agree with someone | _____ | a) tie to |
| 2 check (v) | _____ | b) all right |
| 3 link (v) | _____ | c) problem |
| 4 issue | _____ | d) formal written agreement |
| 5 acceptable | _____ | e) accept what someone says |
| 6 contract | _____ | f) repetition of something |
| 7 confirmation | _____ | g) confirm |

B Complete the exchanges below with words from the box.

- Is that (a) _____?
- Yes, fine. We (b) _____.
- What do you (c) _____?
- We (d) _____ that.
- We're (e) _____ with that.
- Let's (f) _____ what we have agreed.
- Naturally all this will be in the (g) _____.
- Can you (h) _____ this in writing?
- We're glad we have been able to (i) _____ agreement.

confirm (2)
happy
think
accept
contract
agree
okay
reach

Key
1 so long as, 2 if, 3 unless, 4 we'll, 5 will have to, 6 but only, 7 on condition that
A
1 e), 2 g), 3 a), 4 c), 5 b), 6 d), 7 f)
B
(a) okay, (b) agree, (c) think, (d) accept, (e) happy, (f) confirm, (g) contract, (h) confirm, (i) reach