

CAREERS & MANAGEMENT – CAM  
OPTION LEADERSHIP – M1 S8  
MODULE 1 – CONFLICT MANAGEMENT  
CLASS 4 – NEGOTIATIONS  
2024-2025

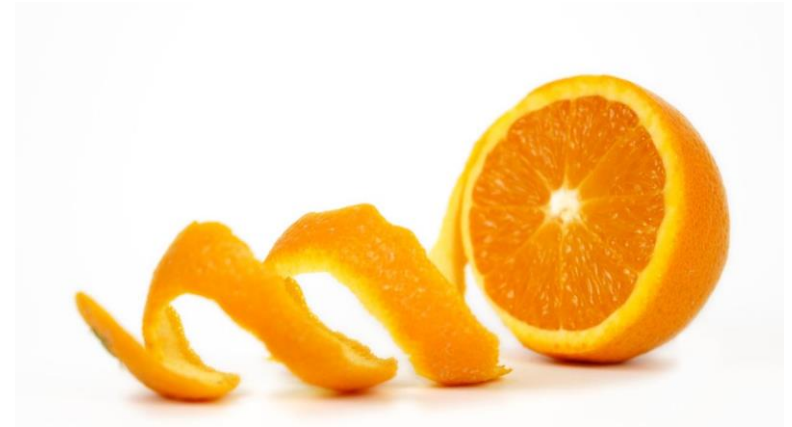
# The programme today

- Different negotiation scenarios
- Negotiation tactics
- Negotiation outcomes and approaches
- Stages of Negotiation
- Communication skills for Negotiation

# Role Play Exercise .2

1. **Contract Negotiation with Suppliers:** Negotiating terms and pricing with suppliers for materials or components needed for a project, considering factors such as quality, quantity, delivery time, and cost.
2. **Client Project Scope Change:** Negotiating changes to a project scope with a client, balancing their needs with project constraints such as timeline, budget, and available resources.
3. **Salary Negotiation:** Negotiating salary and benefits with a potential employer during the job offer process, considering factors such as qualifications, industry standards, and the company's budget.
4. **Partnership Agreement:** Negotiating terms of a partnership agreement between two engineering firms, including profit-sharing, responsibilities, and decision-making processes.
5. **Technology Licensing Agreement:** Negotiating terms for licensing a patented technology to another company, including royalties, exclusivity, and intellectual property rights.
6. **Construction Project Timeline:** Negotiating the timeline for a construction project with contractors and subcontractors, considering factors such as weather conditions, resource availability, and project milestones.
7. **Mergers and Acquisitions:** Negotiating terms of a merger or acquisition between two engineering companies, including valuation, asset allocation, and post-merger integration plans.
8. **International Joint Venture:** Negotiating terms for an international joint venture with a foreign company, addressing cultural differences, legal regulations, and risk-sharing arrangements.
9. **Research Funding:** Negotiating funding terms for a research project with a government agency or private sponsor, including budget allocation, project deliverables, and intellectual property rights.
10. **Dispute Resolution:** Negotiating a resolution to a dispute between stakeholders on a construction project, such as conflicting design requirements or unexpected project delays.

# Negotiation lessons



# Negotiation scenarios

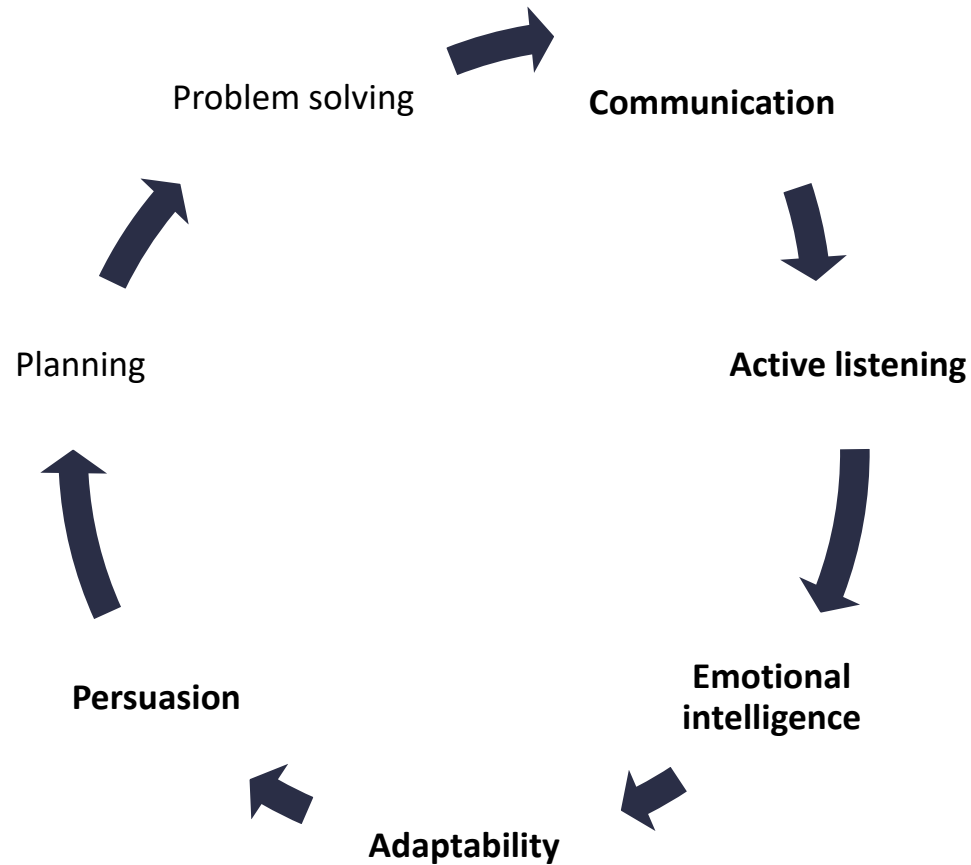
- Salary negotiations
- Annual review, promotions
- Contract terms
- Project timelines
- Conflict situations
- Buyer/ Supplier negotiations



# What Skills do you need to negotiate successfully?



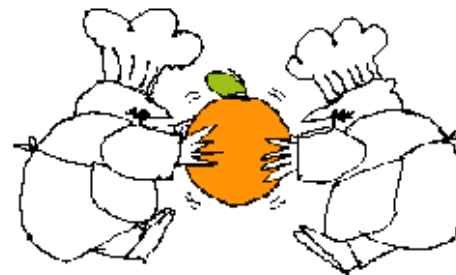
# Skills of successful negotiator



# Negotiation outcomes and approaches

- **Outcomes of commercial negotiation**

- WIN/LOSE- One party gets what he wants at the expense of the other
- LOSE/LOSE- Neither party gets what he really wants
- WIN/WIN – Both parties get as close as possible to what they really want



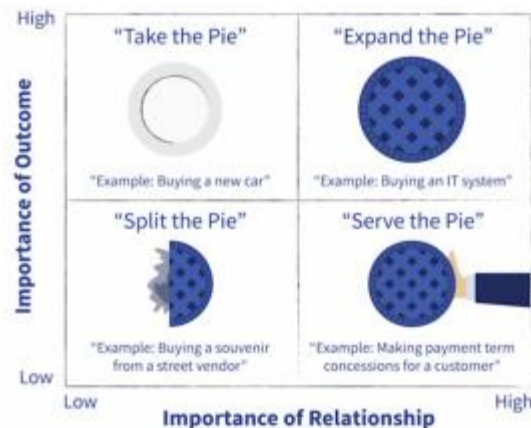


# How do you negotiate for the orange?



# Orientations to negotiation

- **DISTRIBUTIVE BARGAINING** – this involves the distribution of limited resources, or « dividing the pie », the bigger one party's « slice of the pie », the smaller the other
- **INTEGRATIVE NEGOTIATION** – involves collaborative problem-solving to increase the options available (or « expand the pie »), with the aim of exploring possibilities for both parties to find a mutually satisfying win-win solution



# Scenario Role Plays

- For your role play scenario, chose which way you want to divide the pie and justify



# Integrative negotiation

Typical integrative tactics reflect a « pull » influencing approach, in which the aim is to align the interests of both parties

## STRATEGIES

- ▶ Create free exchange of information
- ▶ Determine WHY each party wants what it wants
- ▶ Discover where each party's interests meet
- ▶ Collaborate to design new options

## TACTICS

- ▶ Be open about your own needs and concerns
- ▶ Generate options
- ▶ Focus on common grounds and mutual benefits
- ▶ Maintain flexibility



# Distributive negotiation

The key objective of distributive bargaining is to maximise our parties share of value from this particular deal

## STRATEGIES

- ▶ Pushing for a deal as close as possible to the other parties resistance point
- ▶ Making the other party lower their resistance point
- ▶ Making the other party think THIS is the best deal they can get

## TACTICS

- ▶ Presenting exaggerates opening bids
- ▶ Using all available levers to coerce, pressure or manipulate the other party
- ▶ Offering no concessions
- ▶ Withholding information



# (Distributive) Negotiation tactics

Hardball Tactics		Definition
1.	Good Cop/ <b>Bad Cop</b>	Act as <b>Good Guy</b> & <b>Bad Guy</b>
2.	Lowball/Highball	Extremely Low or High Offer
3.	Bogey	Conceal Interest in Front Other
4.	Nibble	Asking for a Minor Concession to Close Deal.
5.	Chicken	Bluff Other Party To Gain Advantage
6.	Intimidation	Show Emotion and Anger To Gain Deal
7.	Aggressive Behavior	Behave Aggressively Showing Personal Position
8.	Snow Job	Confuse Other Party with Huge Information

# Objectives and variables

- 5 key questions in preparing for negotiations:
1. **What do we want?** The total package of issues for discussion is known as the bargaining mix
  2. **How valuable is each of our « wants »?** What is our relative priority?
  3. **Why do we want what we want?** It is important to understand the needs, business requirements, drivers, stakeholder influences and risks or fears underlying negotiation objectives on both sides
  4. **What is our entry point?** This is the starting point of the negotiation
  5. **What is our exit point?** What is our walk away?

## BARGAINING MIX

- In almost all negotiations, agreement is necessary on several issues:
  - ✓ Price
  - ✓ Closing Date\* of the sale
  - ✓ Other items related to the agreement
- The package of issues for negotiation is the **bargaining mix**. Each item in the mix has its own starting, target and resistance points.



# BATNA

- BATNA (Best Alternative To No Agreement) is a plan B or an alternative to a negotiated agreement. It will:
  - Enable you to be more assertive during negotiations
  - Protect you from feeling that you « have to » accept an agreement
  - Provide a decision rule
- The Zone Of Potential Agreement (ZOPA) is what lies between the two parties BATNAs

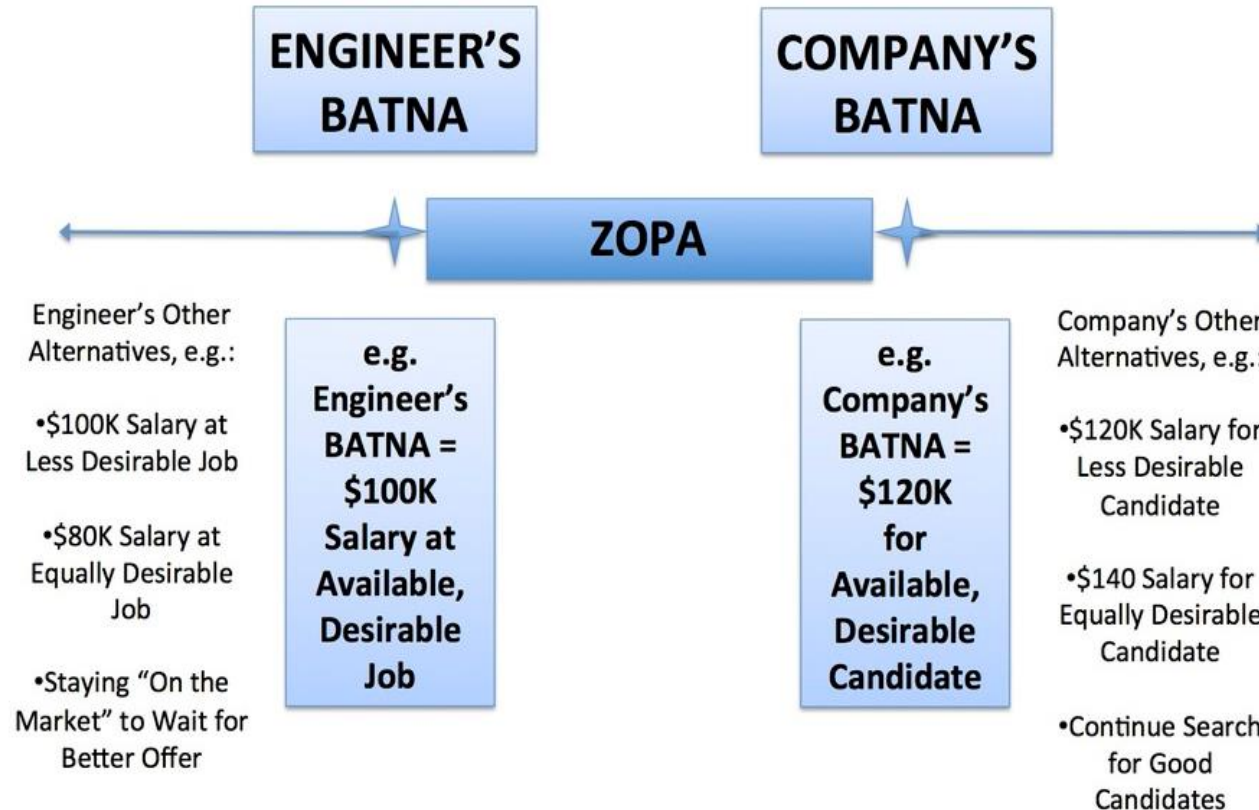
BATNA Negotiation Diagram



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# BATNA and ZOPA example



# Scenario Role Plays

- For your role play scenario, sketch out your BATNA and Zopa diagram (you need to guess the otherside for the moment)



# Setting objectives for negotiations

- Objectives are **targets** for negotiation outcomes, clearly defining the point at which the negotiator will be satisfied and ready to move to an agreement
- A three point range of objectives:
  - (a) a max or best case scenario,
  - (b) a minimum acceptable or worst case position (below which you terminate the negotiation and resort to your BATNA) and
  - (c) an objective, realistic or most likely achieved position (target)

# Developing targets for negotiations

- **MUST-ACHIEVE OBJECTIVES** –potential deal breakers, the walk away point
  - **INTEND-TO-ACHIEVE OBJECTIVES** – a target, but not a deal breaker
  - **LIKE-TO ACHIEVE OBJECTIVES** – the « icing on the cake »
- 
- Limits/resistance points: the point beyond which a negotiator will not be pushed
  - Walkaway points: the point at which its better to walk away than make further concessions
  - Target points: points you realistically expect to achieve in a settlement
  - Alternative: other deals negotiations could achieve and still meet their needs

# Scenario Role Plays

- For your role play scenario write down your:
  - **MUST-ACHIEVE OBJECTIVES**
  - **INTEND-TO-ACHIEVE OBJECTIVES**
  - **LIKE-TO ACHIEVE OBJECTIVES**
  - Limits/resistance points
  - Walkaway points
  - Target points
  - Alternative



# Communication skills for negotiations

- Probing (using questions to effectively elicit information)
- Active listening
- Expressing empathy
- Using and interpreting non verbal cues (body language and tone of voice)
- Building and maintaining a rapport
  - Subtly matching or mirroring body language
  - Picking up on use of colloquialisms, metaphors and technical words
  - Finding topics of common interest and identifying areas of agreement
  - Remembering and using people's name

# Non verbal communication



# Non verbal cues

- **Kinesic behaviour** (body language) – movements such as gestures, facial expressions, eye contact and body posture
- **Proxemics** – how near you stand or sit to others, whether you lean towards or away, the space or barriers between you (can also be cultural related)
- **Paralanguage** – tone of voice, speed, emphasis and other vocal qualities
- **Object language** – personal grooming, dress, furniture, symbols



# Non verbal techniques for assisting the influencing process

- **Eye contact** – failure to make eye contact suggests dishonesty, too much eye contact is inappropriate
- **Adjusting body position** – show attention and adopt an appropriate body position – slouching suggests lack of interest, turning away may suggest rudeness
- **Non verbal encouragement or discouragement** – slight nodding of the head, murmurs of approval or interest, hand gestures encouraging the speaker to continue can convey agreement or at least engagement with the other party

# Characteristics of effective integrative negotiators

- Excellent listening skills (active listening)
- A holistic orientation
- Value Added thinking
- Maturity and assertiveness
- Integrity and trust
- Emotional Intelligence

# Stages of negotiations



# PLANNING AND PREPARING

Define the issues

Define the MIL and BATNAS

Define opening bid

Research and understand the other party

Select a strategy

Determine contingencies

Select the team

# Scenario Role Plays

- Plan and Prepare your role play scenario



Define the issues

Define the MIL and BATNAS

Define opening bid

Research and understand the other party

Select a strategy

Determine contingencies

Select the team

# OPENING

- In the introductory stage, it is important to establish the right atmosphere to « condition » the other party's future responses. Partly it is a matter of physical surroundings (non verbal communication). Partly it involves setting the right tone in what is said (verbal communication).
- Building a rapport is integral to integrative negotiations. It is the sense of relationship or connection we have when relating to another person.
- It is important to agree an agenda in advance as negotiators might refuse to discuss points they're confronting for the first time

# TESTING AND PROPOSING

- Key tasks in early stage negotiations:
  - Testing and validation of assumptions made earlier
  - Testing the other party's position
  - Clarifying the stated issues, and the importance or value given to them by another party
- Three methods of persuasion:
  - Appeal to emotion
  - Appeal to logic
  - Threat



# INFLUENCING AND PERSUADING

- Influencing is the process of applying some form of power or pressure in order to change other people's behaviour or attitude.
- Response to influencing take three forms:
  - **Resistance** – The other party will position themselves against your request, actively attempting to avoid complying
  - **Compliance** – The other party is willing to do what is requested or demanded of them but no more.
  - **Commitment** – The other party agrees with your request, decision or viewpoint; it becomes aligned with their own goals, beliefs and interests so they are able to buy in



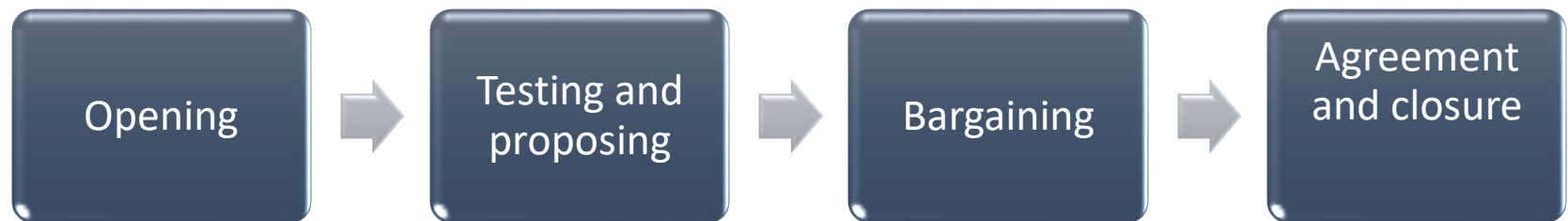
# BARGAINING

- Bargaining is the point when we convey the specific terms on which we would settle. Eg, if you reduce your price by 3% we will increase our order by 10%
- Bargaining is more a feature of distributive negotiation than integrative negotiation
- Tactics could include:
  - Avoiding being the first to make a concession
  - Making concessions only if the other party gives equal or greater concessions
  - Giving the impression that every concession given is a major concession



# Scenario Role Plays

- Now that you have sufficiently prepared, it is time to carry out your negotiation!



# AGREEMENT AND CLOSURE

- Once all the variables have been discussed and there is nothing more to be gained or offered, it is time to make a decision.
- If our objectives have not been met, that decision can be to walk away.
- If a « best and final » offer has been made, the parties have an agreement
- Once a written agreement is in place, a range of measures may be necessary to ensure that it is implemented. It is important to monitor the ongoing performance of the contract.
- Finally, it is beneficial to evaluate the negotiation once it is completed to determine learnings for future negotiations