How are you doing with the last chapter? Are you familiar with the definitions of negotiation and business negotiation? Please review when you are not quite sure.

Now, let’s continue our topics about preparations for negotiation.

In this unit, we have four chapters: 1, basic concepts of negotiation; 2, classification of negotiation approaches; 3, basic principles of forming a negotiation team; and 4, collecting information related to business negotiation. Today, we begin the second chapter: negotiation approaches.

**Negotiation theories and practices**

In practice, negotiators often invoke strategies based on their conscious or unconscious understanding of the negotiation process. Negotiation theories, however, help us think analytically about negotiation processes. The insights they provide can help us shape the way we negotiate and, as a consequence, help influence the outcomes we achieve. For instance, Game Theory was used deliberately for negotiation, the theoretical lessons and techniques that we employ can assist us in transforming negotiation theory into practical expertise. We will contain some of these examples of game theory in our following lessons.

Directed by different theories, negotiation can take on different forms or approaches. As we can see from this chart. There are two major branches of negotiation approaches: distributive approaches and integrative approaches. Each has its key words like position, structural, strategic, behavioral, concessions for distributive; and interest, alternatives, communication, values, options for integrative. It is important to acknowledge, however, that in practice most negotiators use a combination of approaches and borrow from all kind of schools of thoughts during a negotiation.

Distributive and integrative approaches

**Distributive approaches**

First, structural, strategic and process oriented approaches to negotiation tend to share similarunderstandings of negotiations. These approaches involve the presupposition that negotiations are *zero-sum* transactions. In other words, negotiators look at negotiations as contests over a limited or fixed amount of some mutually desired benefit such that one person’s gain is another person’s loss. The totality of available benefits is often represented metaphorically as a ‘pie’. Because negotiators battle over a *fixed* amount of some good or benefit, negotiators hope to ‘win’ a portion or ‘slice’ of the pie at the expense of a corresponding loss (of pie) by the other.

This approach is in contrast to approaches that seek to use negotiations as a way to *enlarge the pie*, or in other words, to multiply gains in order to make both parties better off.

As a result, these approaches tend to invoke strategies that are *distributive* or *predatorial*in in nature. ***Distributive Strategies***, also known as “zero-sum”, competitive, or “win-lose” strategies are based on this competitive view of negotiations. They are designed to secure the biggest slice possible of the proverbial pie for one side (also called “claiming value”), while leaving the other side with the smallest helping possible.

The tactics used in distributive bargaining are therefore intended to help those who use them to claim value for themselves while defending against the efforts of an opponent to do the same. Examples of *tactics used in distributive* bargaining are provided below.

* **Coercion** /kəʊˈɜːʃn/ **:** using force, or the threat of force to wrestle concessions from an opponent.
* **Opening strong:** starting out with a position that is higher than what you realistically estimate you can achieve.
* **Salami tactics:** prolonging a negotiation to a painstakingly slow pace, only giving a very small concession to the other side when it can no longer be avoided in order to placate /pləˈkeɪt/ the other side for a little while longer. Salami

**Reservation point, bottom lines and ZOPAs**

What makes a negotiated solution possible? To answer this question, we turn briefly to several key concepts used in both distributive and integrative approaches to negotiations (some of which have been already introduced in the last chapter, although I think it is necessary to mention them again). In any negotiation, each side has a ***reservation point*,** sometimes referred to as a ‘bottom line’.

It is a point beyond which a person will not go and instead breaks off negotiations. It is also a point that is not generally known by opposing parties and a value should be kept secret. The reservation points of negotiating parties help to frame the likelihood and possible scope of an agreement.

To understand how, consider the following example:

Imagine a local sugar processor and its main sugar beet supplier are negotiating a new 3-year contract. Though the processor may hope to pay less, he knows that the purchase would still be worth his while at a price of up to 50 USD/ton. In this example 50USD/ton is the processor’s reservation point. Now imagine that the supplier knows that (despite hoping to win a higher price through negotiations) she would be willing to sell her stock of raw sugar to the processor for a minimum of 40 USD/ton. This amount is the reservation point of the seller because for less than this amount the seller will not make a deal.

In the case above, because there is an overlap between the maximum purchase price that the buyer is willing to pay and the minimum sell price that the seller is willing to accept, then we call the two sides possess a ***Zone of Agreement*** or ***Zone of Possible Agreement*** (ZOPA). The ZOPA constitutes the overlapping range between reservation points (in our example, anything between the 40 to 50USD per ton of sugar beet). If the negotiators are successful, they will come to an agreement somewhere within this range, and thus both come out satisfied. If, on the other hand, the maximum buy and minimum sell price do not overlap, then no ZOPA exists. An agreement in such cases is highly unlikely. A graphical representation of a ZOPA is given below.

When a ZOPA exists, there is a possibility (but not certainty) that the parties may come to a mutually acceptable agreement. Calculating where the ZOPA lies can be a difficult task given possible gaps in information, uncertainties about true values and the need for estimations. This is, however, a critical step if the negotiator is to have a clear view of the situation.

As usual, at last, we will have a brief review of the things we have learned today. Let’s explain the following terms together.

* Strategy and Tactics 策略与战术。
* Game theory 博弈论
* Negotiation approaches 谈判方式
* Distributive and integrative approaches 利益分配型谈判和合作性谈判。
* Fixed pie 有限的资源，固定的收益
* Win – lose 你多我少，你赢我输，竞争性关系
* Zero-sum 零和博弈
* Coercion 施加压力
* Strong opening 强势的开局
* Salami 蚕食战术，渐进式战术
* ZOPA ***Zone of Possible Agreement***的缩写，可达成协议的空间
* Reservation point，保留价格
* Bottom line，底线