

NEGOTIATION SKILLS

WORKSHOP

SHENAL RAJAKARUNANAYAKE
DEPARTMENT OF INDUSTRIAL MANAGEMENT
FACULTY OF BUSINESS
UNIVERSITY OF MORATUWA

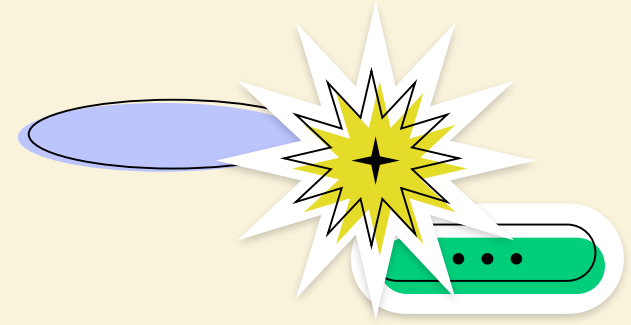


WORKSHOP OBJECTIVES



- **Discuss** the fundamentals of negotiation.
- **Learn** effective negotiation strategies and techniques.
- **Develop** confidence in handling various negotiation scenarios.
- **Enhance** communication, collaboration, and problem-solving skills.

WORKSHOP OBJECTIVES



01

INTRODUCTION TO NEGOTIATION

Significance, concepts, and definitions

03

NEGOTIATION STRATEGIES AND TECHNIQUES

Building strong foundation,
communication, and active listening

02

KEY PRINCIPLES OF NEGOTIATION

BATNA & ZOPA

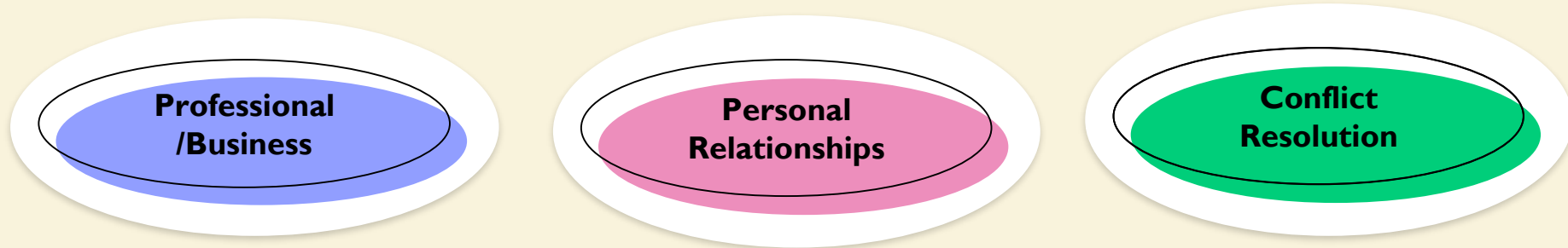
04

ACTIVITIES

Experience sharing, Role play

INTRODUCTION

Effective negotiation skills are essential in various aspects of life, including business, personal relationships, and conflict resolution.



Reaching a Win-Win Outcome:

Example: In a business deal, negotiating mutually beneficial terms can lead to increased profits for both parties, ensuring a long-term partnership.

Preserving Relationships:

Example: In a family dispute over property, effective negotiation can prevent long-lasting rifts and maintain harmony among family members.

Resolving Conflicts:

Example: Workplace conflicts, such as disagreements between employees, can be resolved through negotiation, fostering a positive work environment and increasing productivity.

Achieving Better Agreements:

Example: When buying a car, negotiating the price effectively can result in significant cost savings and additional perks, such as extended warranties or free services.

Building Trust and Rapport:

Example: Negotiating honestly and transparently can build trust. For instance, a vendor consistently delivering quality products as promised strengthens the client-vendor relationship based on trust.

Gaining Competitive Advantage:

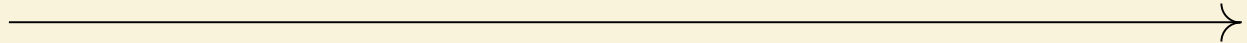
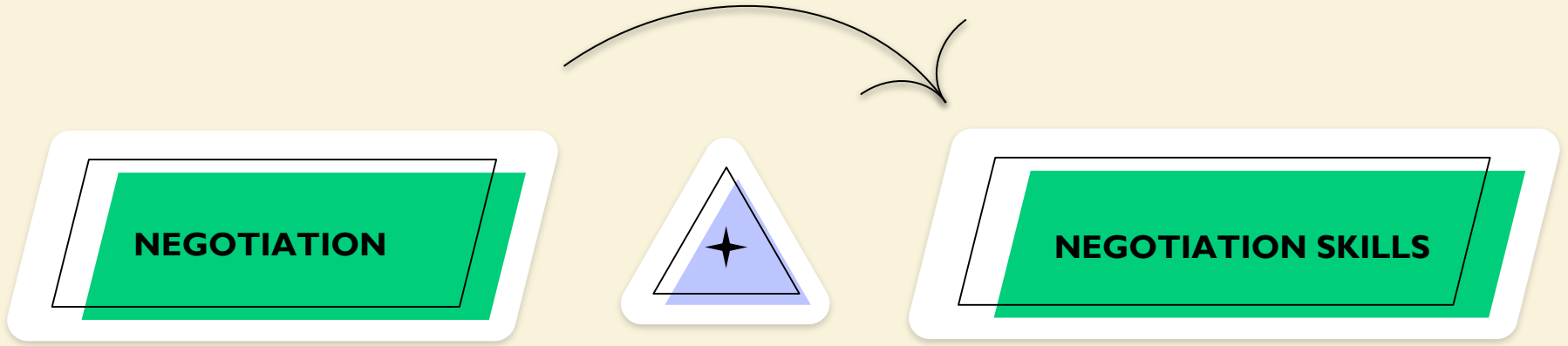
Example: Companies negotiating better deals with suppliers can lower production costs, leading to a competitive edge by offering products at a lower price than competitors.

Adapting to Different Situations:

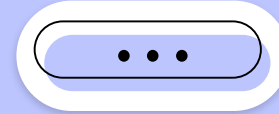
Example: Skilled negotiators can adapt their strategies based on the situation. For instance, in international business negotiations, understanding cultural differences and adjusting negotiation tactics is crucial for success.

Promoting Social Change:

Example: Negotiations between advocacy groups and policymakers can lead to policy changes, addressing social issues and promoting equality and justice.

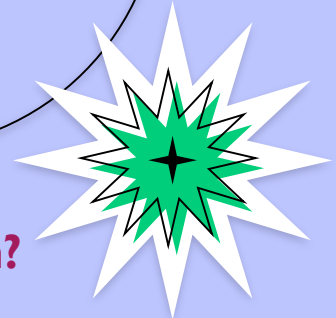


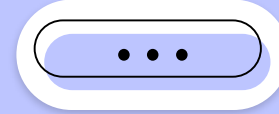
SCENARIO ANALYSIS



A construction company is working on multiple projects simultaneously, and there is a limited pool of resources (labour, equipment, and materials) available. Three project managers (A, B, C) are vying for these resources to meet their project deadlines.

How can they engage in effective negotiation?

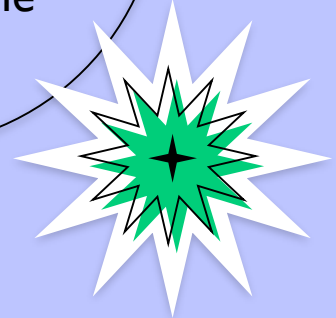


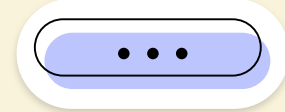
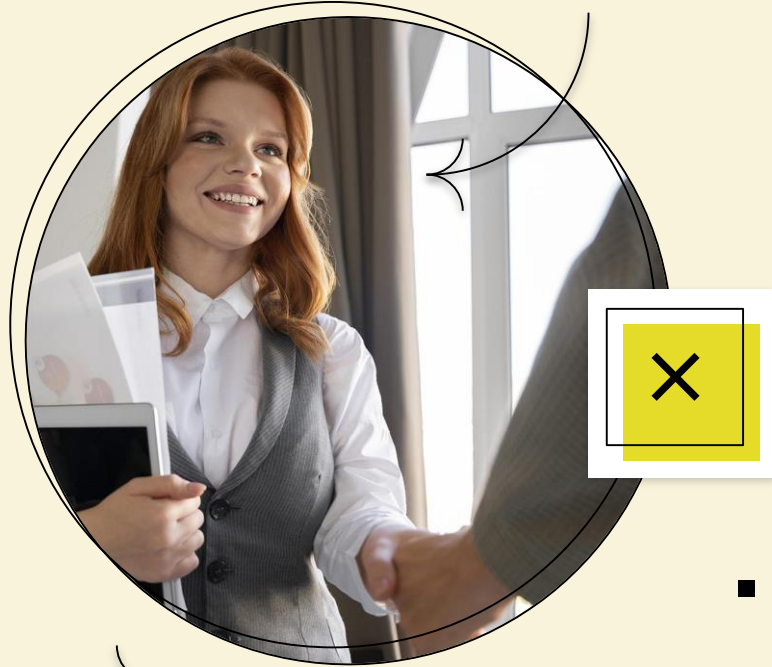


Project Manager A: Responsible for a high-priority project with a tight deadline.

Project Manager B: Working on a project that is behind schedule and requires additional resources.

Project Manager C: Manages a project with a flexible deadline but wants to ensure high-quality work.





PREPARE THOROUGHLY

- Research the other party's background, interests, and any relevant information about their position.
- Understand the industry and market conditions that might impact the negotiation.
- Prepare a list of possible concessions and trade-offs you can make.

PREPARE THOROUGHLY

Gather Information: Research the other party's background, interests, and past negotiations. Use sources like company websites, industry reports, and social media profiles.

Identify Interests: Try to understand what motivates the other party. What are their key objectives and priorities in the negotiation?

Set Clear Goals: Define your objectives, including your ideal outcome and any fall-back positions. Knowing your own goals will help you stay on track.

A project manager's socio-economic and educational background can significantly influence their negotiation style, approach, and effectiveness.

Cultural Sensitivity:

Example: A project manager from a multicultural background may have a deeper understanding of diverse customs and communication styles. This awareness can be instrumental when negotiating with international stakeholders, as they can navigate cultural nuances effectively, thereby building trust and rapport.

Economic Literacy:

Example: A project manager with a strong financial, economics, and analytics background might be skilled in analyzing budgets and costs. In negotiations with vendors or contractors, they can scrutinize financial proposals thoroughly, ensuring the project receives cost-effective services without compromising quality. Further, they might negotiate for more favourable payment terms to accommodate cash flow challenges during an economic downturn.



Legal Knowledge:

Example: A project manager with a background in law or contract management can draft and review contracts comprehensively. This legal expertise ensures that negotiated agreements are airtight and protect the project's interests, minimizing legal risks.

Ethical Considerations:

Example: A project manager may be more attuned to ethical considerations during negotiations. For instance, they might ensure that all parties adhere to fair labour practices when negotiating with contractors, promoting social responsibility within the project's ecosystem.

Being aware of these influences can help project managers leverage their strengths and bridge any gaps, leading to more successful and harmonious negotiations in the complex world of project management.



02

ESTABLISH CLEAR OBJECTIVES

- Clearly define your goals and prioritize them. What are the "must-haves" versus the "nice-to-haves"?
- Determine your walk-away point or your "bottom line" to avoid making concessions that harm your interests.



ESTABLISH CLEAR OBJECTIVES

Prioritize Your Goals: Determine which goals are most important and which ones you are willing to compromise on.

Quantify When Possible: If applicable, quantify your objectives with specific numbers or metrics to make them more concrete.

Know Your Walk-Away Point: Be clear about the point at which you are willing to walk away from the negotiation. This is your "red line."

Project Manager A (PMA):

- **Main concern:** Responsible for a high-priority project with a tight deadline.
- **Priority:** Completing the high-priority project on time.

Project Manager B (PMB):

- **Main concern:** Working on a project that is behind schedule and requires additional resources.
- **Priority:** Catching up on the delayed project.

Project Manager C (PMC):

- **Main concern:** Manages a project with a flexible deadline but wants to ensure high-quality work
- **Priority:** Ensuring high-quality work.

Project Manager A (PMA):

- **Priority:** Completing the high-priority project on time.
- **Strategy:** Emphasize the urgency of your project and the potential consequences of missing the deadline. Request priority access to resources and offer to share excess resources once your project is on track.

Project Manager B (PMB):

- **Priority:** Catching up on the delayed project.
- **Strategy:** Acknowledge the urgency of PMA's project and propose a phased approach where you get additional resources initially to catch up, then share resources later. Emphasize the importance of ensuring all projects meet their deadlines.

Project Manager C (PMC):

- **Priority:** Ensuring high-quality work.
- **Strategy:** Highlight the importance of quality in the long-term success of the projects. Suggest that allocating additional resources to your project can help ensure quality. Be willing to negotiate by offering to optimize resource usage once quality is assured.



03

NEGOTIATE EFFECTIVELY

Different types of negotiations:
BATNA & ZOPA

BEST ALTERNATIVE TO A NEGOTIATED ALTERNATIVE (BATNA)

BATNA stands for "Best Alternative to a Negotiated Agreement."

It refers to the course of action that a person can take if the current negotiation ends without reaching an agreement.

In other words, it's the fall-back option or Plan B that individuals or parties have in case the negotiation fails.

Having a strong BATNA is crucial in negotiations, as it provides leverage and confidence to negotiate more effectively.

EXAMPLE

Example 1: Salary Negotiation

Imagine you're negotiating your salary with a potential employer. Your current job pays you LKR 60,000 a year.

Your BATNA, in this case, would be finding another job with a similar salary or potentially higher.

If the employer offers you less than LKR 60,000, you can confidently reject the offer knowing you have an alternative job option that meets your financial needs.

Step 1: Identify Your BATNA

Assess Your Current Situation:

You are currently employed and earning LKR 55,000 per year in your current job.

Research Alternative Job Opportunities:

You have researched the job market and found several job openings in your field with salaries ranging from LKR 58,000 to LKR 62,000 for candidates with your experience and skill set.

Step 2: Evaluate Your BATNA

Compare Salary Offers:

You have received a job offer from another company with a salary of LKR 60,000 per year.

Consider Other Benefits:

The new job offers better health benefits, a shorter commute, and opportunities for professional development.

Step 3: Assess Your Current Negotiation

Initial Salary Offer:

Your current employer has offered a salary increase to LKR 57,000 per year, but you were expecting a higher raise.

Step 4: Determine Your Reservation Point

Reservation Point:

Your reservation point is the minimum salary increase you are willing to accept to stay in your current job. In this case, your reservation point might be LKR 59,000 per year.

Step 5: Use BATNA in the Negotiation

Communicate Your BATNA:

During the negotiation, you can diplomatically express your gratitude for the offered raise and mention that you've received another job offer with a salary of LKR 60,000. Emphasize that you are considering your options and exploring opportunities that align with your skills and expectations.

Highlight Non-Salary Benefits:

Additionally, mention the better health benefits, shorter commute, and professional development opportunities offered by the new job. This reinforces the fact that your decision is not solely based on salary but on overall job satisfaction and growth prospects.

Step 6: Negotiate Based on BATNA

Negotiate for a Higher Salary:

Request a salary closer to your BATNA. Since your current employer values your contributions and experience, they might be willing to match or come close to the LKR 60,000 offer to retain you.

Consider Counteroffers:

If your employer proposes a counteroffer below your BATNA, carefully evaluate it. If the non-salary benefits, job stability, or other factors are compelling, you might choose to accept the counteroffer. However, if the new job offers a significantly better overall package, you might decide to move to the new company.

In this example, understanding your BATNA (the job offer with a LKR 60,000 salary) empowers you during the negotiation. It allows you to negotiate confidently, knowing you have a strong alternative option.

This knowledge gives you leverage and helps you make informed decisions about whether to accept your current employer's counteroffer or move to the new job with a higher salary and better benefits.



ZONE OF POSSIBLE AGREEMENT (ZOPA)

ZOPA stands for "**Zone of Possible Agreement.**"

It is the range in a negotiation within which a deal that satisfies both parties can be reached.

In other words, it's the overlap between what the seller is willing to sell for (the lowest price they're willing to accept) and what the buyer is willing to pay (the highest price they're willing to pay).

Finding the ZOPA is crucial for a successful negotiation because it indicates the potential for an agreement that both parties find acceptable.

Step 1: Identify Your Aspiration Range

Determine Your Ideal Salary: You determine that your ideal salary for the job is between LKR 53,000 and LKR 58,000 annually based on your skills, experience, and the industry standard.

Step 2: Identify the Other Party's Aspiration Range

Employer's Offer: The employer has offered a salary range of LKR 50,000 to LKR 55,000 for the position.

Step 3: Determine the Overlapping Range

Identify the Overlapping Range: The overlapping range, or ZOPA, is between LKR 53,000 and LKR 55,000. This is the range where your aspiration range (LKR 53,000 to LKR 58,000) overlaps with the employer's offer range (LKR 50,000 to LKR 55,000).

Step 4: Prepare and Communicate Effectively

Prepare Your Arguments: Prepare reasons why you deserve a salary within your aspiration range. This could include your skills, relevant experience, and accomplishments that make you a strong fit for the position.

Acknowledge the Employer's Concerns: Be prepared to address any concerns the employer might have about offering a higher salary. This could involve explaining how your skills and experience align with the job requirements and how you can contribute significantly to the organization.

Step 5: Engage in Negotiation

Present Your Case: During the negotiation, express your gratitude for the job offer and your enthusiasm for the position. Politely present your case for a salary within the ZOPA, explaining why you believe your skills and qualifications justify a salary in that range.

Remain Flexible: Be willing to negotiate within the ZOPA. If the employer offers a salary within the ZOPA, consider factors such as benefits, work flexibility, or professional development opportunities to sweeten the deal if the salary offered is at the lower end of the ZOPA.

Step 6: Reach an Agreement

Finalize the Details: If both parties agree on a salary within the ZOPA, finalize the details of the employment contract. Ensure that both parties are clear about the terms and conditions, responsibilities, and benefits associated with the job.

Express Gratitude: Once an agreement is reached, express your gratitude for the opportunity and your excitement about joining the organization. It's essential to maintain a positive and professional demeanour throughout the negotiation process.

By following these steps and being aware of the ZOPA, you can negotiate effectively and increase the likelihood of reaching a mutually beneficial agreement during a salary negotiation.

TIPS

- Build rapport
- Active listening
- Stay calm and patient
- Offer creative solutions
- Negotiate incrementally
- Use silence strategically
- Understand non-verbal clues
- Be willing to walk away



BUILD RAPPORT


- **Start with Common Ground:** Begin the negotiation by finding common interests or shared goals. This can create a sense of collaboration.
- **Be Genuine:** Authenticity is key to building rapport. Be yourself and show a sincere interest in the other party.
- **Mirror Communication Styles:** Adjust your communication style to match the other party's to establish a connection.

ACTIVE LISTENING

Focus on the Speaker: Give your full attention to the other party. Put away distractions, such as phones or laptops.

Ask Open-Ended Questions: Encourage the other party to elaborate on their thoughts and concerns.

Summarize and Clarify: Repeat what you've heard to ensure you understand correctly and to demonstrate your attentiveness.




STAY CALM AND PATIENT

Practice Relaxation Techniques: Deep breathing or meditation exercises can help you maintain composure.

Use Time Wisely: If you feel pressured, don't rush. Take your time to think through your responses.

Stay Focused on Objectives: Remember your goals and don't let emotional reactions derail the negotiation.




OFFER CREATIVE SOLUTIONS

Brainstorm Freely: Encourage open idea-sharing without judgment. Sometimes, the best solutions come from unexpected places.

Think About Interests: Consider the underlying interests and needs of both parties when proposing solutions.

Be Flexible: Be willing to modify your proposals based on the other party's input.



USE SILENCE STRATEGICALLY

Pause After Speaking: After making an offer or stating your position, wait for the other party to respond. This can prompt them to provide more information or make a counteroffer.


Avoid Nervous Fidgeting: Maintain eye contact and a calm demeanour during silences to convey confidence.

NEGOTIATE INCREMENTALLY

Identify Smaller Issues: Break down the negotiation into smaller components or issues that can be addressed one by one.

Seek Agreement on Easy Points: Start with less contentious issues to build a foundation of agreement.

Use Packages: Combine related issues into packages to demonstrate the mutual benefits of certain agreements.



EXAMPLE: NEGOTIATING A SALARY INCREASE

Understand the Baseline:

Example: You're negotiating a salary increase. Understand your current salary, industry standards, and your achievements at work.

Start Positively:

Example: "I really appreciate the opportunities I've had here and the value I bring to the team."

Propose Incremental Changes:

Example: "Considering my performance and the responsibilities I've taken on, I propose a 10% increase in my salary."

Justify the Increase:

Example: "I've consistently exceeded my targets and brought in new clients, contributing significantly to our revenue growth."

Address Concerns:

Example: "I understand the budget constraints. How about we revisit this in six months after I've demonstrated even more value to the company?"

EXAMPLE: NEGOTIATING A SALARY INCREASE (CONT'D)

Be Flexible:

Example: "If a 10% increase is challenging, how about we start with a 5% raise now and discuss additional increments based on my performance over the next quarter?"

Highlight Future Value:

Example: "Investing in my skills now will pay off in increased productivity and better results for the team in the long run."

Seek Non-Monetary Benefits:

Example: "If a higher salary isn't possible right now, could we explore additional vacation days or professional development opportunities?"

Show Appreciation:

Example: "I value my time here and I'm open to finding a solution that works for both of us."

Be Patient and Persistent:

Example: "I understand these decisions take time. I'm willing to be patient while we work this out, but I hope we can finalize an agreement soon."

EXAMPLE: NEGOTIATING A SALARY INCREASE (CONT'D)

Follow Up:

Example: "Thank you for considering my proposal. Can we schedule a follow-up meeting next week to discuss any further questions you might have?"

Evaluate and Adapt:

Example: If the negotiation doesn't result in the desired outcome, evaluate feedback received and adjust your proposal accordingly for future discussions.

Remember, effective communication, active listening, and a willingness to find common ground are key components of successful incremental negotiations. Tailor your approach based on the specific situation and the party you are negotiating with.

UNDERSTAND NON-VERBAL CUES

Be aware of body language, such as crossed arms (defensive), nodding (agreement), or eye contact (engagement).

Nonverbal cues can reveal hidden emotions or indicate when the other party is uncomfortable with the discussion.

Observe Carefully: Pay attention to the other party's body language, tone of voice, and facial expressions throughout the negotiation.

Ask Open Questions: If you sense discomfort or hesitation, use open questions to encourage the other party to express themselves.

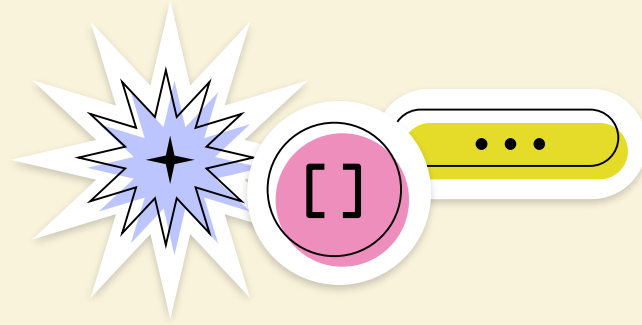
BE WILLING TO WALK AWAY

Determine your "BATNA" (Best Alternative to a Negotiated Agreement) in advance. Knowing your alternatives can give you confidence.

Know Your BATNA: Be fully aware of your Best Alternative to a Negotiated Agreement (BATNA) and assess how it compares to the current negotiation.

Communicate Diplomatically: If you decide to communicate your willingness to walk away, do so without hostility. Express it as a last resort, not a threat.

ACTIVITY



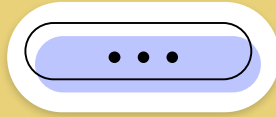
ROLE - PLAY

04

KNOWLEDGE SHARING

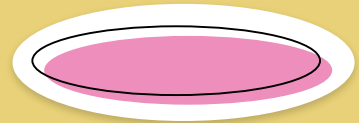
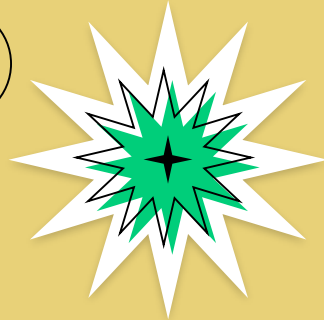
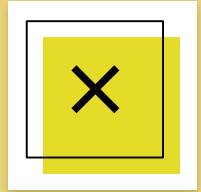
What are your thoughts?





“ Successful negotiation is not about getting to ‘yes’; it’s about mastering ‘no’ and understanding what the path to an agreement is.”

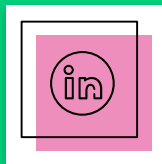
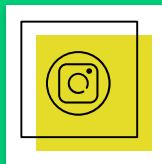
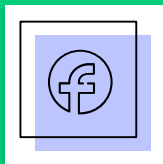
—Christopher Voss



Thanks!

Do you have any questions?

...



2023