

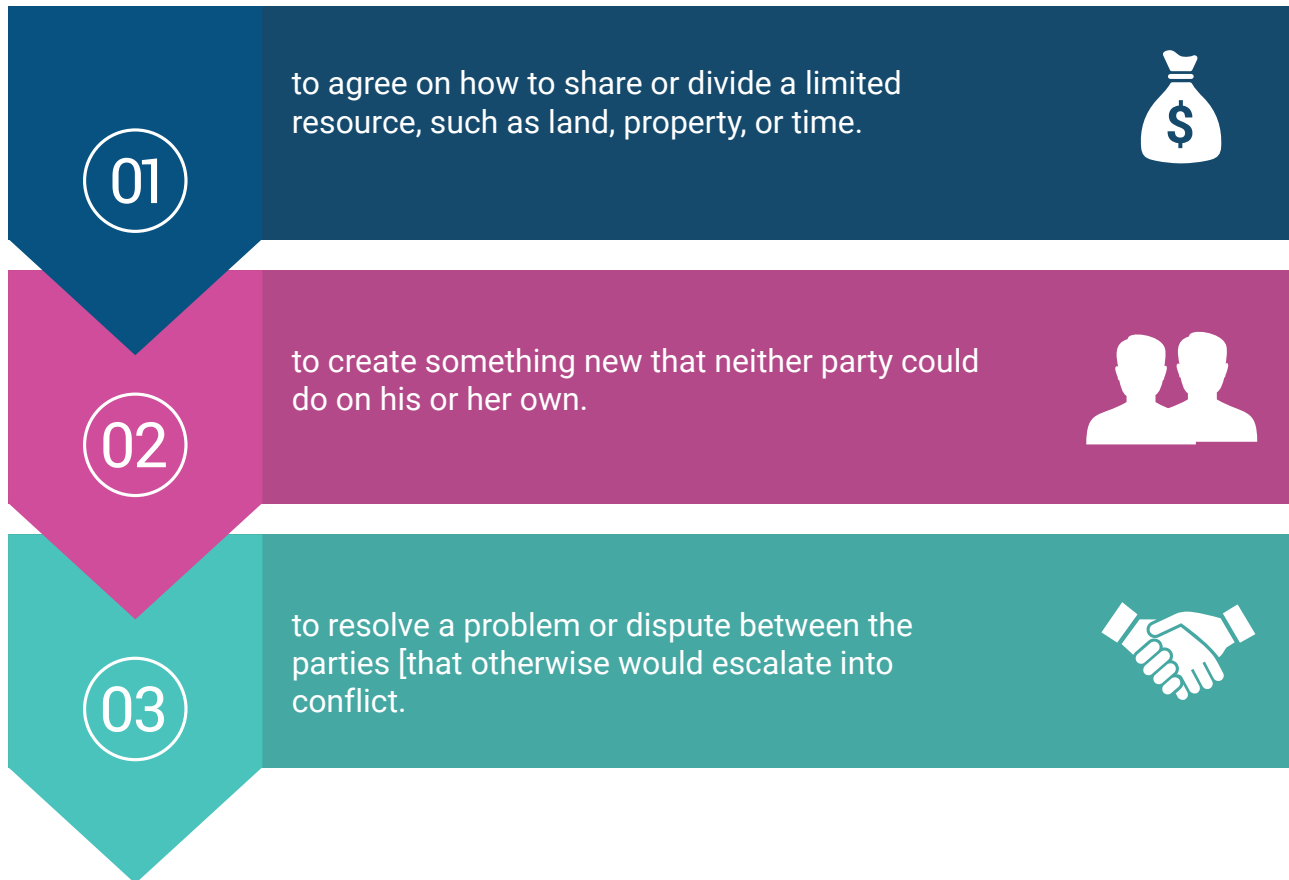
NEGOTIATION STRATEGIES AND STYLES

BEST PRACTICES IN NEGOTIATION



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According to the authors Lewicki, Saunders, Barry (2006) there are three reasons to negotiate:



Why so many negotiations that seem good in their conception end in failure? What should be done to assure that the objectives of a negotiation are met? What makes a negotiation so complicated? How can we identify the needs of our counterpart and anticipate his or her expectations? When is it expedient to negotiate? What do we want to attain and how should we structure the negotiation? When can a negotiation be considered successful? How do we deal with aggression and prevent conflict? What do we do when there are several interlocutors? How do we negotiate with other cultures, genders, and different generations? What ethical dilemmas arise from negotiations and how should we face them?

Here we are going to share what is known as **best practices** in negotiation, which will allow you to realize effective negotiations:

Negotiation

In the first place, the negotiator should be clear about what the negotiation means to him or her. Below we will return to some definitions from Topic 1 and complement them with others. Furthermore, we provide a list of the qualities that make a good negotiator:

"The negotiation itself is a careful exploration of your position and the other person's position, with the goal of finding a mutually acceptable compromise that gives you both as much of what you want as possible." (Mind Tools)

"Creative negotiation is a process whereby two or more partners meet and, through artful discussion and creativity confront a situation and arrive at a solution that best meets the needs of all parties and secures their commitment to fulfilling the agreement reached." (Gordon Shea)

"Negotiation is a process by which 'two or more parties attempt to resolve their opposing interests' (Lewicki et al., 2010, p. 6)

"It is back-and-forth communication designed to reach an agreement." (Fisher, Ury & Patton).

"Fundamentally, what negotiating is all about is voluntary decision making....So your basic task as a negotiator is to help move someone from "no" to "yes" or from reluctance to commitment." (H. Cohen)

"Negotiation is a process of information exchange and commitments in which two or more parties, who have some common and some divergent interests, try to reach an agreement"(translated from Economipedia).

A "process between two or more parties (each with its own aims, needs, and viewpoints) seeking to discover a common ground and reach an agreement to settle a matter of mutual concern or resolve a conflict."

"Negotiation is a process where two or more parties with different needs and goals discuss an issue to find a mutually acceptable solution." (Business Queensland)

Based on the previous definitions, good negotiators comply with the following (Business Queensland, 2017):

- Achieve consistent results for the success of their organizations.
- Encourage long-term productive and collaborative relationships
- Generate lasting solutions of high impact and value generation.
- Avoid short-term results that don't completely fulfill the parties' expectations.
- Try to avoid problems and recurrent conflicts in the future.

Besides the previous considerations, a good negotiator should keep in mind the following recommendations:

Preparation

All too frequently, the lack of preparation is the greatest cause of failed negotiations. For example, when we conduct a negotiation in other cultures, we often discover—too late—that certain practices are not acceptable and should have been avoided. Or we consider preparation unnecessary for internal negotiations, and disagreements abound, leading to confrontations that could have been avoided. To avoid such errors, you can check out the verification list that we saw in Topic 2 developed by PON: Program On Negotiation of Harvard Law School (2018):

1. What do I want from this negotiation? List short-term and long-term goals and dreams related to the negotiation.
2. What are my strengths—values, skills, and assets—in this negotiation?
3. What are my weaknesses and vulnerabilities in this negotiation?
4. Why is the other party negotiating with me? What do I have that they need?
5. What lessons can I apply from past negotiations to improve my performance?
6. Where and when should the negotiation take place?
7. How long should talks last? What deadlines are we facing?
8. What are my interests in the upcoming negotiation? How do they rank in importance?
9. What is my best alternative to a negotiated agreement, or BATNA? That is, what option would I turn to if I'm not satisfied with the deal we negotiate or if we reach an impasse? How can I strengthen my BATNA?
10. What is my reservation point—my indifference point between a deal and no deal?
11. What is my aspiration point in the negotiation—the ambitious, but not outrageous, goal that I'd like to reach?
12. What are the other side's interests? How important might each issue be to them?
13. What do I think their reservation point and BATNA may be? How can I find out more?
14. What does their BATNA mean in terms of their willingness to do a deal with me? Who has more power to walk away?
15. Is there a zone of possible agreement (ZOPA) between my reservation point and the other side's? If there clearly is no room for bargaining, then there's no reason to negotiate—but don't give up until you're sure. You may be able to add more issues

to the discussion.

16. What is my relationship history with the other party? How might our past relationship affect current talks?
17. Are there cultural differences that we should prepare for?
18. To what degree will we be negotiating electronically? Are we prepared for the pros and cons of negotiating via email, teleconference, etc.?
19. In what order should I approach various parties on the other side?
20. What is the hierarchy within the other side's team? What are the patterns of influence and potential tensions? How might these internal dynamics affect talks?
21. What potential ethical pitfalls should we keep in mind during the negotiation?
22. Who are my competitors for this deal? How do our relative advantages and disadvantages compare?
23. What objective benchmarks, criteria, and precedents will support my preferred position?
24. Who should be on my negotiating team? Who should be our spokesperson? What specific responsibilities should each team member have?
25. Do we need to involve any third parties (agents, lawyers, mediators, interpreters)?
26. What authority do I have (or does our team have) to make firm commitments?
27. Am I ready to engage in interest-based bargaining? Be prepared to try to create value by trading on differences in resources, preferences, forecasts, risk tolerance, and deadlines.
28. If we disagree about how the future plays out, can we explore a contingency contract—that is, stipulate what will happen if each side's prediction comes true?
29. What parties not yet involved in the negotiation might also value an agreement?
30. Have I practiced communicating my message to the other side? How are they likely to respond?
31. Does the agenda make room for simultaneous discussion of multiple issues?
32. Is an agreement likely to create net value for society? How can we reduce potential harm to outside parties?

Remember the three imperatives of negotiation, without which you can't sit down to negotiate effectively:

- "You need to know your **BATNA**....It's basically the best option you have if you walk away from this deal." (reaching an impasse)
- "You need to have a **reservation point**. This is the absolute minimum (or maximum) that you are willing to go."
- "You need to set an **aspiration point**." (ideal, realistic, and acceptable).

Strategy

Here we offer two negotiation situations. (Negotiation: Your Mentor and Guide to Doing Business Effectively, 2003) so that you can identify the situations that arise from the negotiator's dilemma and can decide what would be the best option in your next negotiation:

A distributive strategy?

Acme Manufacturing and a supplier, Best Parts Company, are negotiating an agreement in which Best Parts will manufacture and deliver 10,000 specific players during a 6-month period. Acme's purchase manager has instructions to obtain the lowest price possible and is pressuring for \$ 1.75 per player. The Best Parts manager, on the other hand, is trying to maximize the price for the company, asking \$2.00 per player and is not willing to negotiate about the price. At the end, Acme Manufacturing obtains its price. Since there were several potential sellers to recur to, the purchasing manager stays firm in the price until Best Parts, lacking alternatives for selling its product, accepts the price of \$1.75 per player.

An integrative strategy?

Gómez Gómez Electronics is negotiating an agreement with one of its main suppliers, Kraft Components, for Kraft to build and deliver 10,000 switches during a six month period. Gómez is interested in obtaining the lowest price possible, while still maintaining a long-term relationship with Kraft, who has been an innovative and reliable supplier in the last years. The sales manager at Kraft wants to maximize the price they'll receive, but still protect their relationship with Gomez.

As long-term partners, each party is willing to reveal some of their interests to the other. This way, if one party makes concessions in price, the other party should offer value by seeking alternatives.

Together, both negotiating parties establish an agreement giving Kraft what they desire: a \$2 price per switch. In exchange, Kraft is promises to grant Gómez sixty days instead of their habitual thirty days. These extra thirty days will allow Gómez to reduce their working capital needs during the time the agreement is valid. Furthermore, both companies are committed to collaborating in the design of a new series of switches.

Negotiation style

You should identify what negotiation style or profile is the most adequate for your next negotiation, according to its context:

1. Competitive

This is a useful style of negotiation when dealing with short-term distributive transactions or when the other negotiator has a competitive profile. In the long term, it can become a destructive and inefficient approach. If your counterpart feels that you are taking advantage of his weaknesses, he or she might seek retribution in the next negotiation. Furthermore this approach is not adequate when you wish to build collaborative relationships.

2. Avoiding

When one of the parties has all the power and uses it for his own benefit, you can opt to abandon the negotiation. This can create a situation of futility among the negotiators, as well as feelings of unfairness when one of the negotiators abruptly leaves the negotiating table. On occasion, lack of ethics or corrupt practices make abandonment necessary. Furthermore, it is time to abandon the negotiation process when so much time and resources have been dedicated that any possible benefits are obliterated, or when technology or lifestyles make the original purpose of the negotiation obsolete.

3. Accommodating

This style privileges relationships over results (temporarily), especially when there is a threat that the conflict may escalate needlessly by insisting on competitive positions. This is a temporary posture which allows us to analyze the possible benefits of a complex project using field tests. It can also be used as the preamble to an integrative negotiation.

4. Compromising

This is an intermediate situation among relationships and results that may prove useful to take advantage of the achievements accumulated in light of the impossibility of continuing the negotiation because of frequent changes in the context. It is considered as a suboptimal position because it can't obtain the benefits that can be obtained by an integrative strategy. Another disadvantage is that one of the negotiators can create the illusion of "splitting the difference" when in reality he is benefiting himself and taking advantage of the other negotiator's inexperience.

5. Collaborating

Although this is the preferential style to take maximum advantage of the results and the relationships among negotiators, it is still a challenge because of the competencies required for problem solving. Furthermore, it demands high levels of trust and adequate risk management (seen as an opportunity), and patience to await long-term results. When these challenges are overcome, the results are usually extraordinary.

Conflict Resolution

We can never stop insisting in the importance of being fully aware of the implications of the **conflict spiral** model, especially with respect to the speed at which a dispute transforms into a confrontation. Then reconciliation becomes harder and harder to obtain as the levels of conflict intensify.

When a conflict is unleashed, negotiation principles lose effect and we must turn to different options such as mediation, litigation, and arbitration. Nevertheless, all of these tend to intensify the conflict, permanently damaging relationships and can imply high costs.

A good negotiator has **conflict resolution skills** (and puts them in practice) to avoid a negotiation getting off track and passing from problem orientation (substantivation) to aggression towards people (personalization of the conflict).

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