

# Negotiation Skills

As in life so as in business you don't get what you want. You necessarily have to negotiate for it.

Dr. Chester L Karass

# Objectives Of The Program

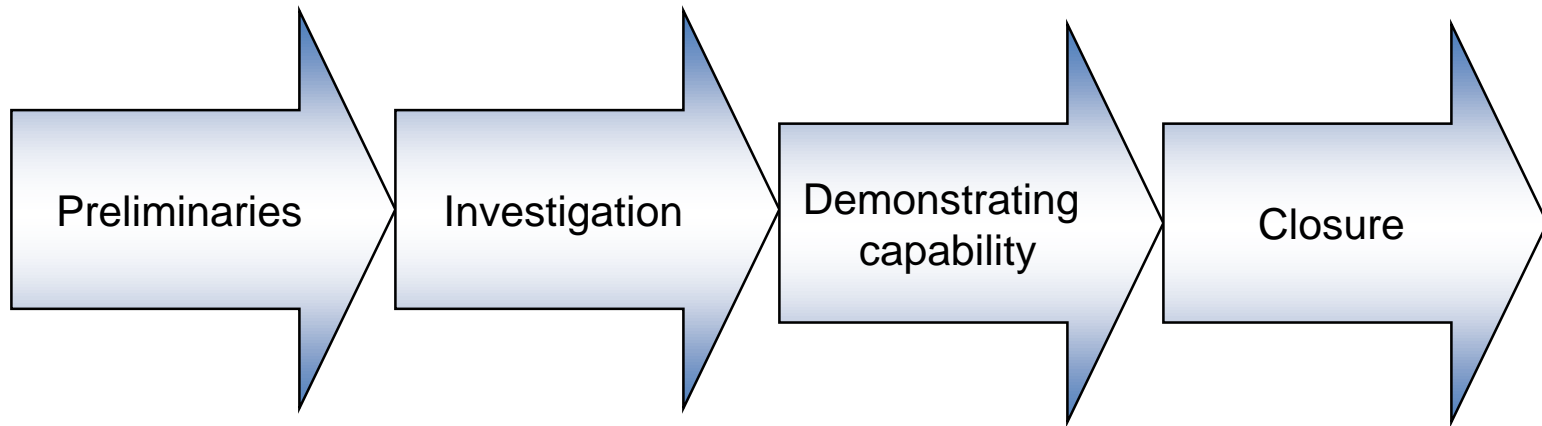
Explain the phases and skills involved in a typical complex negotiation

Prepare and plan in a systematic, flexible and effective way

**Use a greater awareness of their own and others' behaviour to negotiate more profitable long-term relationships**

**Face with confidence their next major negotiation using a plan formulated during the course**

# The Decision Cycle



**Where do you Negotiate?**

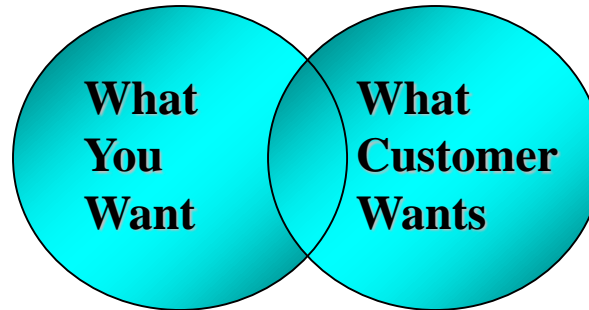
# What Is Negotiation?

When

- You can vary the terms
- The resource is scarce
- Agreement and conflict both exist



**No common ground,  
so nothing to negotiate**



**Some Agreement Some Conflict  
Thus Negotiate**



**Total overlap  
no need to Negotiate**

# Negotiation Defined

- Negotiation is the process of communicating back and forth for the purpose of reaching a joint agreement about differing needs or ideas.
- Negotiation is all about persuasion rather than using crude power
- Negotiation is a collection of behaviours that involves
  - Communications
  - Sales
  - Marketing
  - Psychology
  - Sociology
  - Assertiveness
  - Conflict Resolution

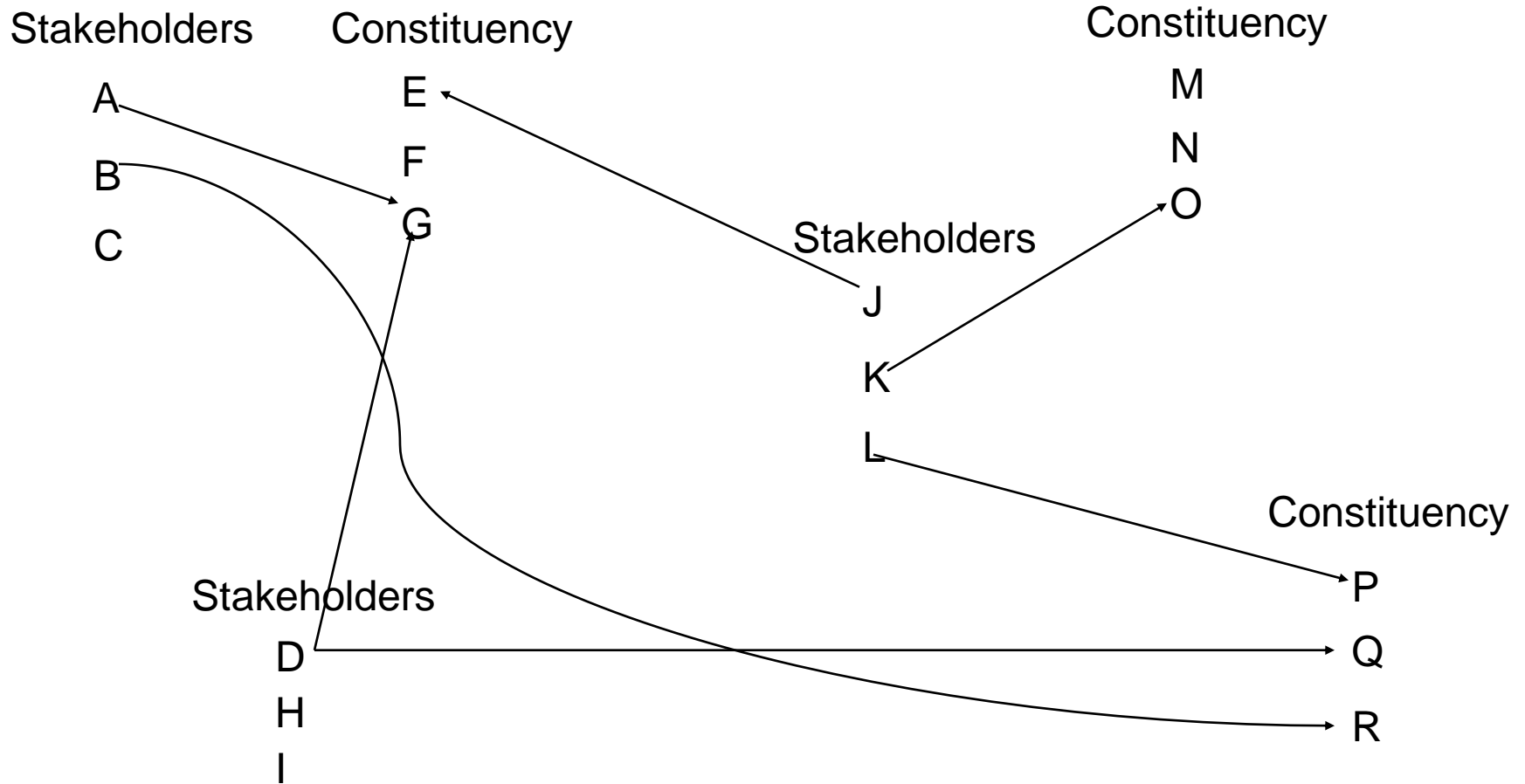
# The Difference Between Persuasion and Negotiation

- Persuasion has been successful when the customer says: *“Yes I do see the value of what you are suggesting. But I have certain constraints...”*
- Average negotiators have given things away to achieve this position - skilled negotiators haven't
- Negotiation is agreeing to the terms and conditions on which you can do business

## **The Golden Rule of Negotiation**

- Persuade first and only negotiate later..... if you have to

# The all important Internal Negotiation



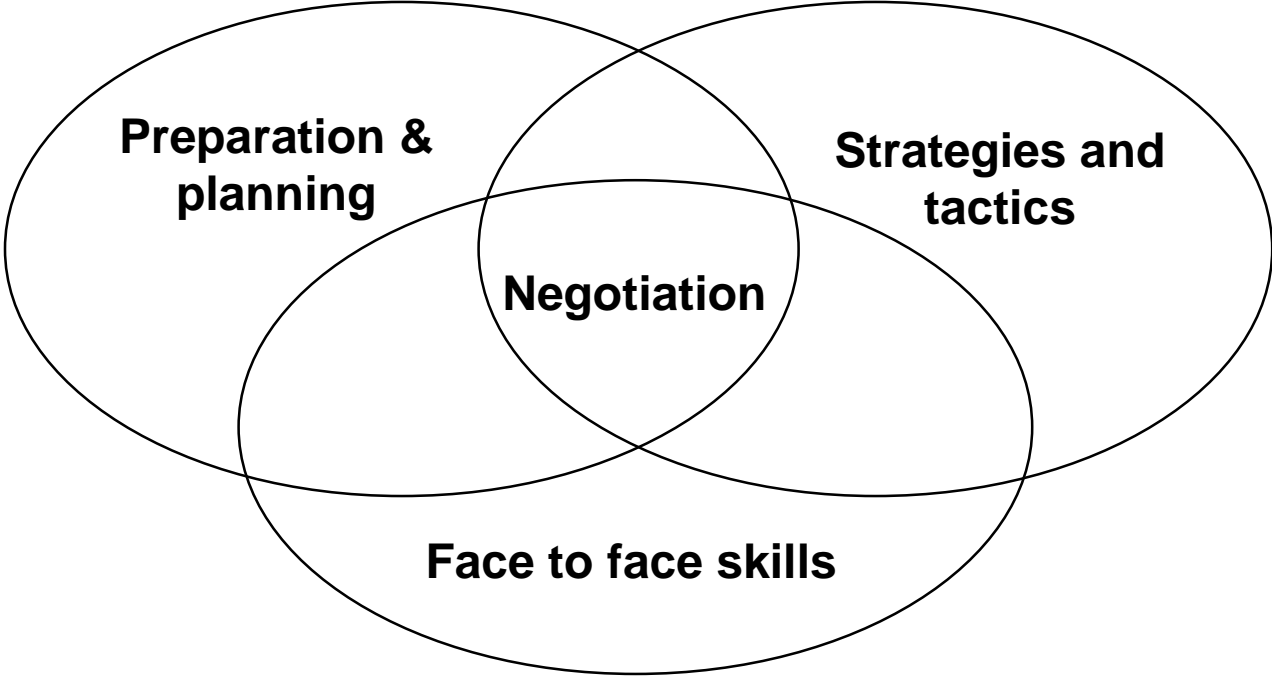
Internal Negotiation results in a “mandate”

# During Internal Negotiations

- Talk at each other
- Focus on the past
- Focus on who is right
- Blaming
- Point Scoring
- Talk with each other
- Focus on future
- Focus on what is to be done
- Jointly tackling problem
- Clarifying interests & inventing options

**YOU HAVE A CHOICE !!**

# The Program Components



1.  
Setting  
Target Range  
for  
results



2.  
Gathering  
Information



3.  
Developing  
a feeling of  
POWER

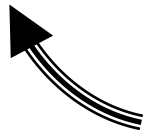


**PREPARING FOR A NEGOTIATION**

4.  
Decide to  
do it  
Individually  
or Team

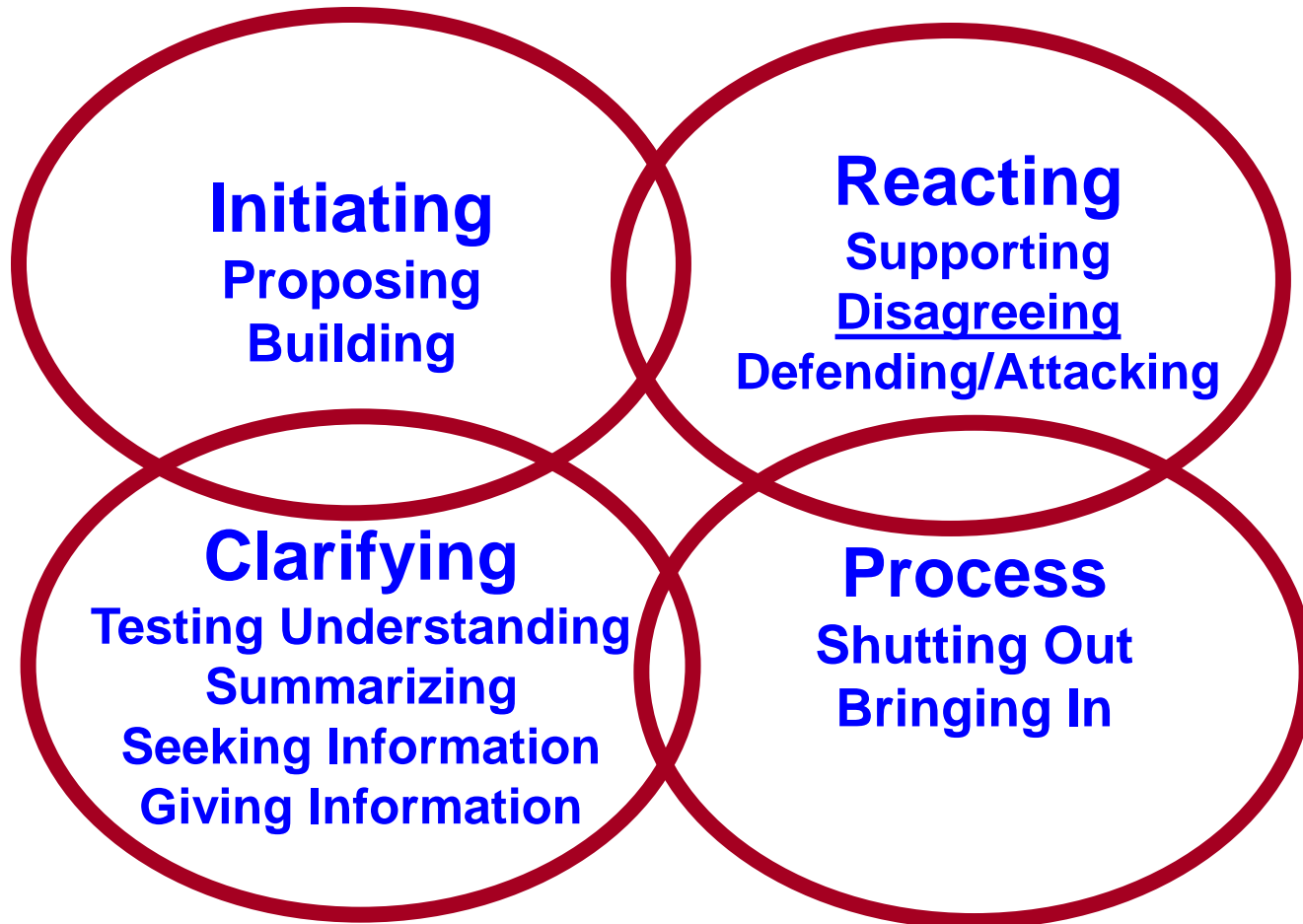


5.  
Rehearse



**NEGOTIATE**

# General Behavioural Categories



# Other Behaviours

- Irritators
- Counter Proposals
- Behaviour Labeling
- Argument Dilution

# Behaviour Of A Skilled Negotiator

## Behaviours avoided

- Irritators
- Counter-proposals
- Defend/Attack spirals
- Argument Dilution

## Behaviours used

- Behaviour Labeling
- Testing Understanding and Summarizing
- Seeking Information
- Giving Feelings
- Stating Disagreement

# Negotiation Tactics

## Two of the most common Tactics

- Questioning
  - Obtains information about the weaknesses of the other side
  - Enables you to establish what is important to them and, therefore, what they will 'pay' more for
  
- Bargaining –  
It Involves 3 factors
  - Movement by both parties
  - A creative agreement
  - A perception of Win-Win



# Planning an effective concessions strategy

## The Situational Matrix

Perceived Conflict over stakes

**High**

**Low**

<b>High</b> Perceived Importance of Future Relationship Between Parties	<b>I. Balanced Concern</b>  (Business partnership, Joint venture, or merger)	<b>II. Relationships</b>  (Marriage, Friendship or work team)
	<b>III. Transactions</b>  (House sale or car purchase or any market transaction)	<b>IV. Tacit Coordination</b>  (Two drivers in a highway intersection)
<b>Low</b>		

# Planning an effective concessions strategy

## Tactical Decisions

	Should I Open?	How to Open?	Concession Strategy
Transaction	When in doubt, don't. But OK if you have good information	Optimistically (highest or lowest figure supported by presentable argument).	Firmness: Concede slowly in diminishing amounts toward expectation level
Balanced Concerns	Same as above	Fairly (highest or lowest figure supported by solid argument)	Big moves on little issues, little moves on big issues, brainstorm options, present several packages at once.
Relationships			
Tacit Coordination	Yes	Generously	Accommodation or fair compromise
	Yes, but avoid conflict if possible	Do whatever it takes to solve the problem	Accommodation

*Thank You*

K V D Prakash

# Setting Targets

## **Maximum position**

The best result we realistically can attain in the negotiation

## **Goal**

The result we'll be satisfied to achieve.

Our goal is not what we would like to have – it's what we'll be content with.

## **Minimum position (also called our bottom line)**

The worst outcome we will accept under pressure in order to make a deal



# Information About Yourself

- Have a thorough knowledge about your
  - Organizational Stature
  - Offerings( Products & Applications)
  - USP over the competition
  - People networks
  
- Enlist your basic interests and where do you intend to open the negotiation?
  
- Prepare a list of potential concessions based on the cost of concession?
  
- If you don't make a deal, what else can you do – Have your BATNA.
  
- List the deadlines in your negotiation. Figure ways to extend or close.

# Information About The Other Side

- Get an understanding of their
  - organizational stature –Why they have called You?
  - their Actual Requirement info
- Who are the negotiators for the other side
- Get a clear understanding of their concerns & interests
- Do a Streak Analysis that indicate the sources of their strengths & Weaknesses.
- Remember to look beyond their position to what really is motivating them.
- You must understand what are their alternatives
- How many options do The Other Side has?



# Developing A Feeling Of Power In A Negotiation

- Power is the ability to influence the outcome of a negotiation.
- You are powerful if you believe you are.
- Power is self-confidence
- Power derives from a number of sources.



# Deciding Whether To Negotiate As An Individual Or As A Team

## Advantages of a Negotiation Team

- Individuals often make mistakes that would never occur with team members present
- Teams can benefit from a pooling of judgments.
- Two (or more) heads are better than one.
- Each team member can make a unique contribution
- A team is often perceived as more powerful than an individual.
- We are better risk takers when we can share the risk with partners.
- With a team, you can bring in experts. Experts add to our credibility
- When you negotiate by yourself, there is little or no time to sit back and think

## Advantages of an Individual Negotiator

- An individual can often make decisions easier and faster than a committee
- An individual can use limited authority as the means of not giving concessions
- Your position won't be weakened by differences of opinion



# Rehearsing The Negotiation

- **Individual Rehearsal** :- Conduct a practice negotiation by self before you negotiate with the other side
- **Team Rehearsal** :- Your colleagues will begin to uncover the approach that you will be faced with in the actual negotiation
- **Third Party Rehearsal** :- You will make a tremendous impression with the insights from the third person you gain during this rehearsal.

Your preparation will be much easier once you gain a better understanding of the issues in the negotiation.



# Initiating Behaviours

## Proposing

A behaviour which puts forward a new suggestion, proposal or course of action

I suggest let us draft the minutes of the meeting

I suggest lets look at the delivery schedule in the changed context

OK. We'll take that on and start tomorrow

We will put the action owners against each action item

## Building

A behaviour usually in the form of a proposal, which extends or develops a proposal made by another person

If I can take that further, we should also take into account the additional effort put by the engineers

... and the solution be even better if we include the graphic accelerator application



# Reacting Behaviours

## Supporting

A behaviour which makes a conscious and direct declaration of agreement or support for another person or their concepts and opinions

Fine, sounds OK  
to me

Yes, I go along with  
that ...

## Disagreeing

A behaviour which states a direct disagreement or which raises objections and obstacles to another person's concepts or opinions (note: disagreeing is about issues)

I'm afraid that  
won't work – the  
delivery schedule  
will change

We have to get  
the first release  
by the next week

# Reacting Behaviours

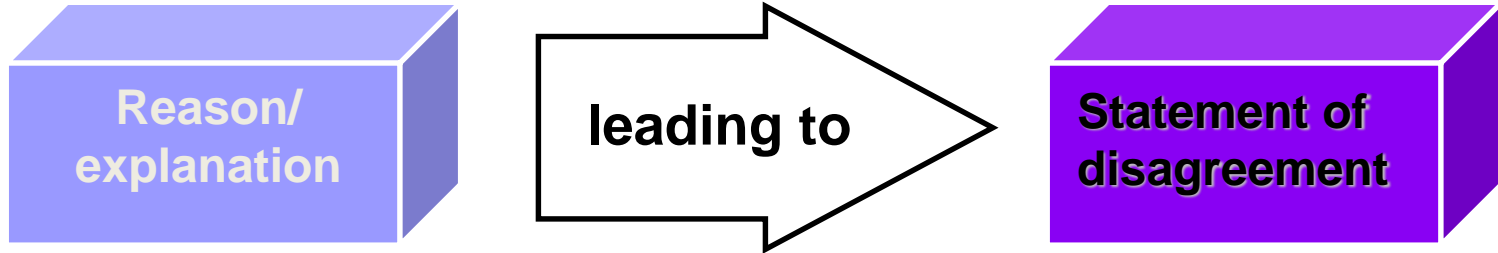
## Defending/Attacking

A behaviour which attacks another person either directly, or by defensiveness. These behaviours usually involve value judgments and often contain emotional overtones (note: defending/ attacking is usually about people, not issues)

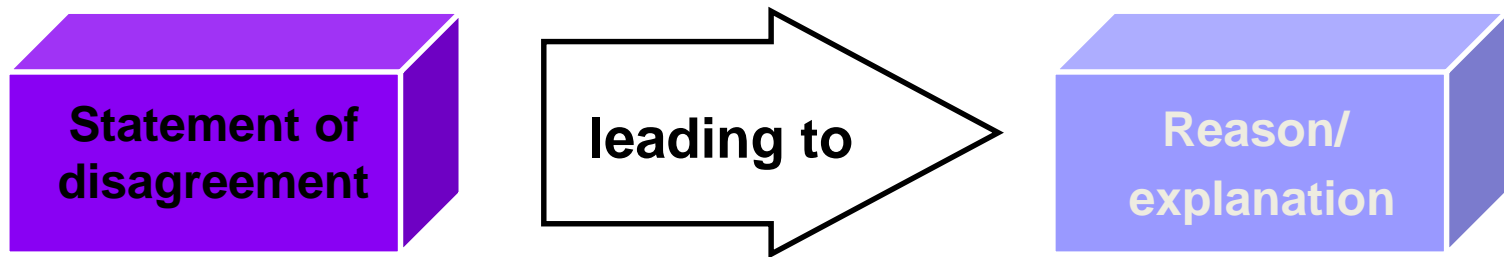


# Stating Disagreement

## Skilled negotiator



## Average negotiator



# Clarifying Behaviours

## Testing Understanding

A behaviour which seeks to establish whether or not an earlier contribution has been understood

If I have understood right your objection is on the experience of engineers?

So, can I take it that the rates are acceptable if the delivery schedule

Did you say we have

## Summarizing

A behaviour which summarizes, or otherwise restates in a compact form, the content of previous discussion or events

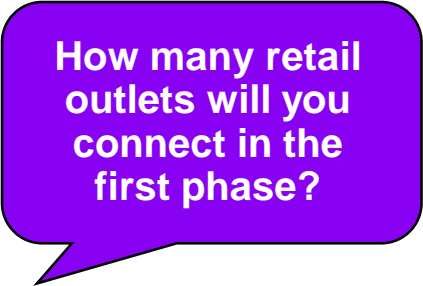
As per our discussion what we understand is

- We have revised the schedule
- Included Graphic accelerator in the scope of work
- Looked at the 3 tier rate structure and revised the same.

# Clarifying Behaviours

## Seeking Information

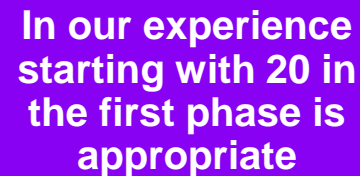
A behaviour which seeks facts, opinions or clarification from another person



How many retail outlets will you connect in the first phase?

## Giving Information

A behaviour which offers facts, opinions or clarification to another person



In our experience starting with 20 in the first phase is appropriate

# Clarifying Behaviours

## Giving Information

A behaviour which offers facts, opinions or clarification to another person

I remember a case like that last year ...

There are three of those on stream at the moment

## Giving Feelings

A behaviour which expresses feelings and emotions rather than facts and figures

It's a great challenge for the entire team to work with you in this project

I must admit to being confused now about your position on price; at the last meeting ...



# Process Behaviours

## Bringing In

A behaviour which invites views or opinions from a member of the group who is not actively participating in the discussion

**Sue has been very quiet, I wonder whether she has anything to add?**

**Jack, have you anything to say on this one?**

## Shutting Out

A behaviour which excludes another person or reduces their opportunity to contribute

**John: What do you think, Carol?  
Steve: What I think is ...**

**Well, what I think we should do in this case is ...  
... I believe we should ...**



# Other Behaviours Irritators

Words or phrases which irritate through self praise or condescension and lack any persuasive function. For example:  
*'fair, reasonable, generous etc*

“We are being extremely fair to you.”

“This is the best offer only for you.”

Use of irritators per hour of face-to-face speaking time

**Skilled negotiator 2.3**

**Average negotiator 10.8**



# Counter-proposals

A proposal which immediately follows a proposal from the other party

Customer: "We want delivery in the next three weeks".

Solution provider: "We will be able to deliver in three weeks time provided you pay the cost of deploying additional resources."

Frequency of proposals per hour of face-to-face speaking time

**Skilled negotiator 1.7**

**Average negotiator 3.1**



# Behaviour Labeling

Announcing the type of behaviour which is about to be used. For example:

- *“Can I make a suggestion? I propose ...”*
- *“I would like to ask a question. Do you ...”*

	% of labelled behaviour	
	Disagreeing	All except Disagreeing
Skilled	0.4	6.4
Average	1.5	1.2



# Argument Dilution

Average number of reasons given by negotiator to back each argument

“We will not be able to deliver in the next three weeks because”

The quality will suffer due to inadequate testing.

There is lack of skilled resources

We will deliver all the features

**Skilled negotiator 1.8**

**Average negotiator 3**

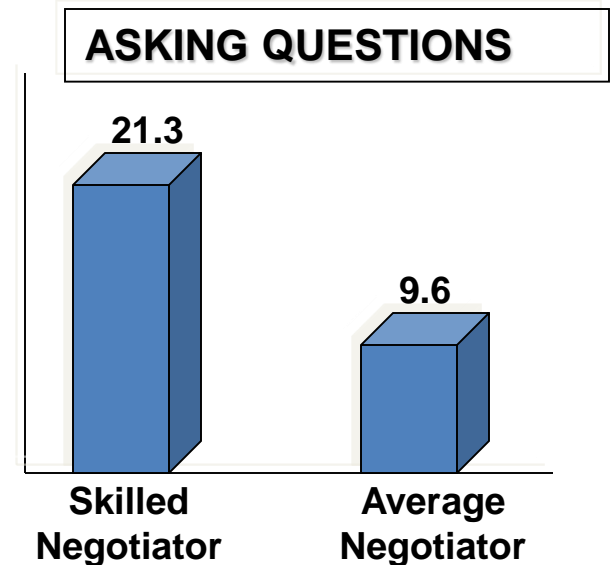


# The Power of Questions

## Questions

- Reveal needs
- Expose problems
- Reveal strategic information
- Control the discussions
- Are an alternative to disagreement
- Give thinking time

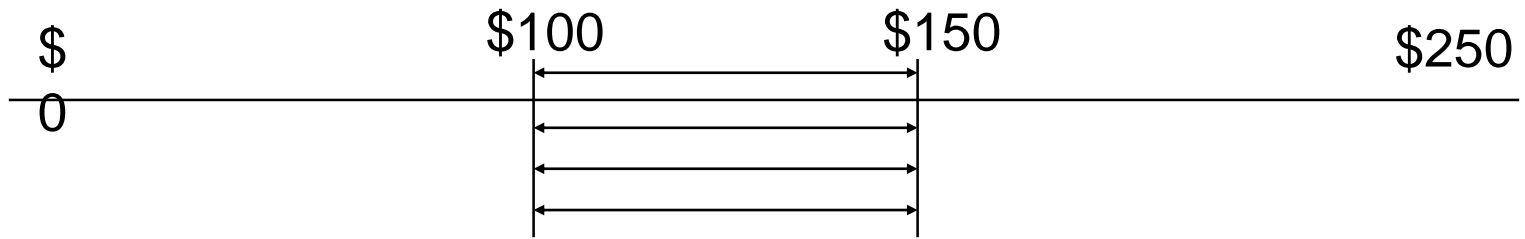
Questions as  
a percentage  
of negotiators  
behavior



# Tactics Of Bargaining

- Do aim to elicit the first move - but be prepared to make it
- Don't open on a contentious issue
- Do open high but credible
- Don't settle minor issues early
- Do trade concessions, especially those with leverage
- Do use the common ground
- Do obtain their agenda early

# The Positive Bargaining Zone



Seller's bottom line. The seller must receive at least \$100.

Buyer's bottom line. The most buyer will pay is \$150.



# Few Situations And Techniques To Handle Them

## **Creating an emotional barrage**

- A person you are negotiating with is so angry that he or she seems out of control.

## **Lowering expectations**

- A buyer says your product does not look good, it is bulky and the price is too high

## **Giving an ultimatum**

- This is my final position, take it or leave it

## **Putting on the squeeze**

- “You’ll have to do better than that!” “Your competitor is offering a better deal”

## **Playing good guy / bad guy**

- One negotiator is difficult to deal with, the other is easy

## **Springing a surprise**

- Some aspect of the negotiation suddenly is changed for the purpose of throwing you off guard.

# Few Situations And Techniques To Handle Them

## Creating an emotional barrage

- A person you are negotiating with is so angry that he or she seems out of control.

### Techniques to handle

- Allow them to vent their feelings
- Once they do, they will be able to look at the real issue – solving the problem
- Empathize with them (without agreeing to anything). “Yes, I understand how you feel.” This will help to disarm their outburst.
- When they calm down, ask them what they really want.
- “What would you like us to do for you?”

# Few Situations And Techniques To Handle Them

## Lowering expectations

- A buyer says your product does not look good, it is bulky and the price is too high

### How will you handle?

- The seller's defense against this approach is to concentrate on the product's attributes, which will justify the full listing price.

## Giving an ultimatum

- This is my final position, take it or leave it

### Techniques to handle

- Challenge it (call their bluff). They may be testing you. Your willingness to walk away will test their resolve.
- Ignore it. Change the focus from the ultimatum to a discussion of the issues.

# Few Situations And Techniques To Handle Them

## Putting on the squeeze

- “You’ll have to do better than that!” “Your competitor is offering a better deal.”

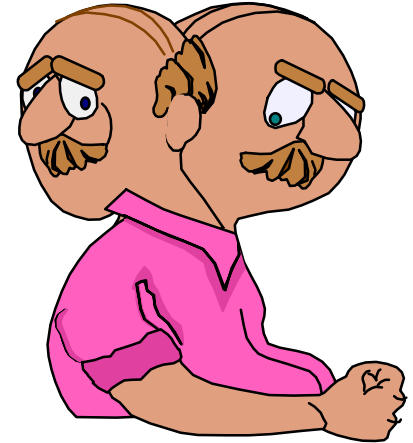
### Techniques to handle

- Get more information. Find out why you have to do better. and how much better?
- Resell your product or service. Take the focus off price and concentrate on features and benefits.
- Tie a string. Agree to the squeeze on the condition that you receive a concession in return, e.g., double the volume of the purchase

# Few Situations And Techniques To Handle Them

## Playing good guy / bad guy

- One negotiator is difficult to deal with, the other is easy.
- The “bad guy” softens up the subject, who is relieved when the “good guy” shows up.



## Springing a surprise

- Some aspect of the negotiation suddenly is changed for the purpose of throwing you off guard.

## How will you handle?

- In case of something new, insist on adequate time to prepare for the new situation. “We will need another month to look into this”.
- In case of changed behavior, ignore it.

# Negotiating Wisely Over The Telephone

- Communication is 90 percent nonverbal.
- Telephone negotiations present a unique problem because we are limited to the verbal 10 percent.
- People who call you have an advantage because they are prepared.
- You may not be ready when they call
- If you take the call, you are asking for trouble
- Your lack of preparedness will encourage mistakes
- By buffering your calls, you can postpone the discussion until you are ready
- Screening by a secretary or receptionist
- If you are not prepared to negotiate, don't accept the call
- Using voice mail. "I'm sorry I can't take your call. Please leave me a message and I will call you back."

# Negotiating Wisely Over The Telephone

- Answering your own phone, and postponing the negotiation until you are ready. “Can I call you back in 10 minutes”

## **Listen more than you speak**

- You can learn all sorts of useful information while volunteering very little.
- The less you talk, the less you are likely to make mistakes
- I suggest a 70/30 rule.
- That is, listen 70 percent of the time and speak 30 percent of the time.

## **Don't be in a hurry to agree**

- We tend to rush things over the phone.
- If you're not ready to commit, put it off.
- After the conversation, write the other negotiator a memo stating the items agreed upon.