

Unit 1

Negotiation Overview

Learning Objective:

After studying this unit, you should be able to

- describe the definition of a negotiation and the types of negotiation.
- use the expressions of making an opening statement at a negotiation.



Warming-up

1. What do you understand by the term 'negotiation'?
2. How often do you negotiate at your work or everyday life, and what are they usually about?
3. What do you think is the most difficult thing in negotiation?



What Is Negotiation?



When people want to do something together-buy or sell an item, make a business deal, decide where to go for dinner-they need to use some sort of mechanism for reaching an agreement. Unless they agree instantly on every element of the choices to be made, they need to use a mutually acceptable process for decision making. Negotiation is one name for a variety of joint decision-making processes, although people also use such terms as making a deal, trading, bargaining, dickering, or (in the case of price negotiation) haggling.

A successful negotiation has taken place when the parties end up mutually committed to fulfilling the agreement they have reached. Fairness is a crucial element to make a negotiation process succeed. Some people negotiate as if their most significant objective is to take advantage of other parties; this is self-defeating. If any party feels unfairly treated, he or she may walk away from the negotiation with a negative feeling and a disinclination to live up to the agreement.

One way to think of negotiation is to compare knitting and weaving. When you knit something, you generally use a single strand of yarn. And although knitted fabrics may contain a variety of colors and textures, you can easily stretch them out of shape. In weaving, the fabric is created by using at least two strands coming from different directions. Woven fabrics tend to have greater tensile strength and durability than knitted fabrics. Negotiation is more like weaving-the process takes contributions from various parties. While weaving and knitting may involve a

single person's skills, negotiation calls for contributions from two or more parties. By drawing upon the knowledge, skills, and other input of the multiple parties, a good negotiation process weaves together a durable agreement whose strength derives from the fact that the parties reached agreement by working together.



Comprehension Questions

- 1 What other terms are there for 'negotiation'?
- 2 When does a successful negotiation occur?
- 3 Why is negotiation more like weaving rather than knitting?



Useful Expressions & Negotiation Simulation

Useful Expressions

■ Welcoming

Formal

On behalf of ..., I'm glad to welcome you ...

It's a pleasure to see you here.

Less formal

Welcome to ...

Thank you for coming all this way.

It's nice to be here.

■ Introductions

This is ... He's in charge of ... / He looks after ... / He's our ... Director[Manager].

Let me introduce you to ...

Have you met ... ? She's just taken over as Head of ...

■ Starting the negotiation

I wondered if I could start by saying ...

We're short of time, so let's get started ...

We've got a very full agenda, so perhaps we'd better get down to business.



Negotiation Simulation: Contract Renewal

Try to use the useful expressions above as much as possible.

Person A and B are having a meeting for a contract renewal. Develop your position on your own.

Person A: a sales manager at a large automotive components manufacturer

Person B: the leader of the sales representatives

Negotiation Situation:

The salary and commission for the sales representatives have not increased for the last three years. Unfortunately, sales have not increased in this year again. While Person A insists on a pay freeze, Person B wants to have his/her pay and commission increased.

1. Pair up and do a role play. First, develop your position.

Your position	Anticipated pay increases	Anticipated commission increases
A () B ()	_____ %	_____ %

2. Now, negotiate with your partner. After the negotiation fill in the following form and share the results with the class.

Negotiation results		
	Agreed pay increases	Agreed commission increases
Negotiation results	_____ %	_____ %



Types of Negotiation



People usually view negotiation as either confrontational or cooperative. People who view negotiation as a confrontation see the process as a zero-sum game in which a limited number of bargaining chips are to be won, and they want to be the winners. The confrontational winner-take-all approach reflects a misunderstanding of what negotiation is all about and is shortsighted. Once a confrontational negotiator wins, the other party is not likely to want to deal with that person again.

Cooperative-approach negotiators see a wide range of interests to be addressed and served. They understand that negotiation is not a zero-sum game but a way to create value for all the parties involved. The cooperative negotiator understands the importance of all stakeholders winning somethingt-this is how you build long-term mutually beneficial relationships.

The cooperative approach is known as interest-based negotiation. Interest-based negotiation is particularly effective in a marketplace characterized by diversity. We often need to reach agreement with people who are different from us-culturally, ethnically, or economically. If we cannot get beyond the differences, they can create obstacles to agreement. To do this, we need to focus on the interests of the parties instead of on the parties' differences. Those interests can form the building blocks upon which agreement is based.

Some people approach negotiation with an attitude that can be characterized as 'my way or the highway.' This occurs in a situation where one person believes that he or she holds all the cards in a negotiation. If you want something from that person, you may have to give him something he really values.

Think of your experiences in renting cars. Automobile rental companies have thought of all the answers; they ask you to sign and initial the front of the contract in several places. The actual contract is on the back of the paper you sign, generally printed in very small letters in extremely light ink. If you want a rental car, you can't negotiate the contract. The rental company has adopted a position from which they will not budge. There is no clearer example of the 'my way or the highway' approach.

In negotiations between parties who each have some power to influence the results (the usual type of negotiation), the crucial thing to remember is that taking a position limits your capacity to bargain. A position is a party's answer to the question 'What do you want?' If you adopt a position from which you will not budge, you run the risk of losing face if you have to back down from the approach you are using.



Comprehension Questions

- 1 What is the difference between confrontational-approach negotiators and cooperative-approach negotiators?
- 2 You are dealing with a person who has an attitude that can be characterized as 'my way or the highway.' If you want something from that person, what should you do?
- 3 What is position in negotiation?



Negotiation in Practice: Late delivery of products

1. Divide the class into two groups. With your group members, read the situation below and develop your position to fill out the following box.

Group A: the general manager of a transportation company

Group B: the sales manager at a cell phone company

Negotiation Situation:

- The order is due to next week.
- Cell phone price: \$170 per each

Group A	Group B
You ordered 50 new cell phones for your drivers last month, but they still have not arrived. The old cell phones are not powerful enough, and your drivers are missing calls. You've had too many customer complaints, and you need the cell phones as soon as possible.	Your new cell phone has been very popular with your customers. Unfortunately, some parts needed for manufacturing were held up because of a strike. Most orders are several weeks behind schedule. Group A, an important client, is calling you. The client ordered 50 cell phones one month ago. His order is due to be shipped next week, but you cannot meet the deadline.

[Development of your position]

Your position	Original deadline	Compensation for the late delivery
Group A () Group B ()	Next week	

Your position	Adjusted deadline	When the deadline is not kept again
Group A () Group B ()	Within _____ days	_____ % discount out of the original charge

2. Now work in pairs, one from Group A and the other from Group B, and negotiate with each other. After the negotiation, fill out the following form and share the results with the class.

Negotiation sheet	
Time:	Participants:
Place:	
<u>Negotiations Agenda</u>	
How to solve the delay of installing a new software system	
Original deadline	Compensation for the late delivery
Next week	
Adjusted deadline	When the deadline is not kept again
Within _____ days	_____ % discount out of the original charge



Self-study

Negotiation Words and Write Aloud

Negotiation Words

- **negotiation:** The process of two or more parties working together to arrive at a mutually acceptable resolution of one or more issues, such as a commercial transaction, a contract, or a deal of any sort.
- **interest-based negotiation:** An approach to negotiation where the parties focus on their individual interests and the interests of the other parties to find a common ground for building a mutually acceptable agreement.
- **position:** This is the final answer to the question ‘What do you want?’ It can be okay to start with a position in a negotiation, but unless you understand the interests behind your position and are open to alternative approaches, you are likely to find yourself struck in a corner you cannot escape without losing face.
- **compromise:** An agreement made between two people or groups in which each side gives up some of the things they want so that both sides are happy at the end.
- **agreement:** An arrangement, a promise, or a contract that both sides accept.
- **proposal:** A formal suggestion or plan; the act of making a suggestion.



Write Aloud.

In your writing, include at least two words from above.

The first article in this unit says that negotiation is like weaving since it yields a fabric that has a greater durability than an agreement. What other simile would you use instead of ‘weaving’ and why?



Self-study

Summing-up Q&A

Complete the sentences below with the words in the box.

zero-sum

cultural

agreement

positional

interest-based

- Ⓐ Successful negotiations yield mutual _____ in which each party is committed to fulfilling his or her promises.
- Ⓑ _____ bargaining, the 'my way or the highway' approach, locks a negotiator into a situation in which he will risk losing face if he backs down from what he has stated he wants.
- Ⓒ _____ negotiation focuses on the underlying reasons behind each negotiator's objectives.
- Ⓓ Focusing on interests can help negotiators overcome or get around obstacles presented by _____ differences.
- Ⓔ People who view negotiation as a confrontation see the process as a _____ game.