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**OBJECTIVES**

- Understand the basic types of negotiations, the phases of negotiations, and the skills needed for successful negotiating
- Understand and apply basic negotiating concepts: WATNA, BATNA, WAP, and ZOPA
- The Negotiation Process
- Preparation for negotiation
- What to share and what to keep to yourself
- Understand basic bargaining techniques

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**OBJECTIVES**

- Apply strategies for identifying mutual gain
- Understand how to reach consensus and set the terms of agreement
- Deal with personal attacks and other difficult issues
- Use the negotiating process to solve everyday problems
- Negotiate on behalf of someone else
- Closing

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ELEMENT 2

**UNDERSTANDING NEGOTIATION**

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Negotiation means getting the best of your opponent.

*Marvin Gaye*

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### TYPES OF NEGOTIATION

INTEGRATIVE

- **Cooperation and problem solving**
- Both parties believe they can walk away with something without giving up something important
- Concessions on less important issues

DISTRIBUTIVE

- Involve a **fixed pie**. There is only so much to go around and each party wants as big a slice as possible
- Example: battling over the price of a car with a car salesman
- Relationship or creating a positive impression is not important

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### THEY INVOLVE

INTEGRATIVE

- Concentrate on **interests** not positions
- **Information sharing**; an essential part of problem solving
- **Bridge building**; a spirit of trust and cooperation

DISTRIBUTIVE

- Keeping information **confidential**. For example, you don't want a salesman to know how badly you need a new car or how much you are willing to pay
- Trying to **extract information** from the other party

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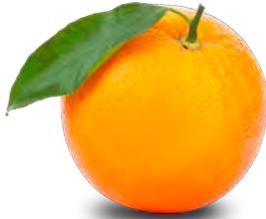
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### THE ORANGE QUARREL BEYOND WIN-WIN



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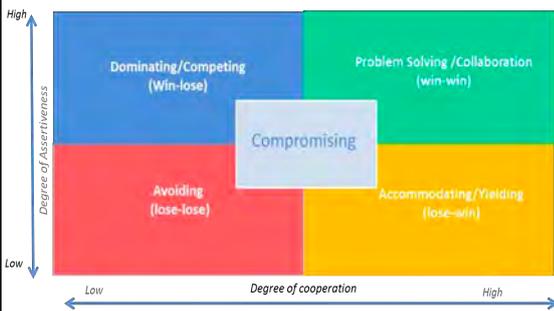
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### NEGOTIATION STRATEGIES



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### NEGOTIATION TACTICS

- **Attacks:** *"If you don't know the details of your own company, perhaps you should get out of the business"*
- **Personal Insults:** *"If you don't understand what you are doing, perhaps you should find another job"*
- **Good Guy/Bad Guy:** One person is helpful while another is difficult to deal with
- **Deadline:** *"We have a flight leaving at 5 PM today and must finish negotiations before that time"*
- **Lying:** This may be obvious or hidden
- **Limited Authority:** *"I can't agree to shorten the schedule by six months. My authorization is limited to three months"*

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## NEGOTIATION TACTICS

- **Missing Man:** "Only my boss can agree to that request and he isn't here"
- **Fair and Reasonable:** "Let's be fair and reasonable. Accept this offer as it stands"
- **Delay:** "Let us revisit this issue the next time we meet"
- **Extreme Demands:** "You will have to pay for all of the risks for this work. It is not our responsibility to plan for risks!"
- **Withdrawal:** This can be either an emotional or physical withdrawal and can show lessening of interest
- **Fait Accompli:** A done deal. "These terms and conditions must be in all our contracts".

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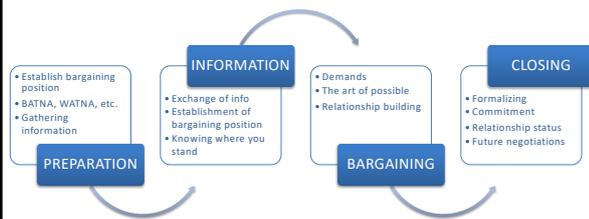
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## THE 4-PHASES PROCESS



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## WHAT SKILLS DO YOU NEED?

- Communication
- Effective speaking
- Effective listening
- A sense of humor
- A positive attitude
- Respect
- Self-confidence
- Emotional intelligence
- Problem solving and creativity
- Persistence and assertiveness
- Patience
- Team work



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ELEMENT 3  
**GETTING PREPARED FOR  
NEGOTIATION**

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If you don't know where you are going,  
you will probably end up somewhere else.

*Lawrence J. Peter*

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### PERSONAL PREPARATION

**Polite** - It never reduces your argument

**Firm** - Removes Perceptions of Weakness

**Calm** - Facilitates Persuasion and Compromise

**Do not take things personally**

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### BEFORE YOU BEGIN NEGOTIATION YOU NEED TO:

- Plan and rehearse scenarios
- Define what you hope to get out of it
- Define what you will settle for
- Define boundaries... what you consider unacceptable
- Also need to prepare yourself personally and emotionally

**The key to personal preparation is to approach the negotiation with self-confidence and a positive attitude.**

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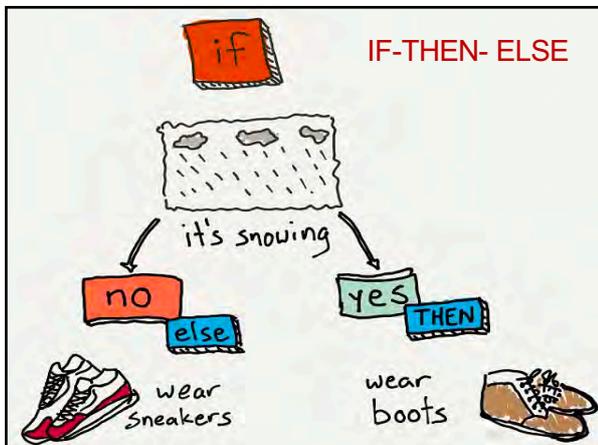
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### KEY TERMS

- **WATNA:** Worst Alternative To a Negotiated Agreement
- **BATNA:** Best Alternative To a Negotiated Agreement
- **WAP:** Walk Away Price
- **ZOPA:** Zone Of Possible Agreement
- **RV:** Reservation Value... is the least favorable point at which one will accept a negotiated agreement

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### THE RESERVATION VALUE

- Unlike BATNA, the Reservation Value is always expressed as a number.
- It can be the same number that you can get without the negotiation, but it can also mean a different number.
- For example, imagine you are selling your car. Your relative tells you that he would buy it from you for \$10,000 if you are not able to sell it elsewhere. But if you were okay to selling it for \$10,000, you might want other buyers to pay at least \$11,000. In this case, the BATNA is selling to the relative for \$10,000. But the Reservation Value is \$11,000.

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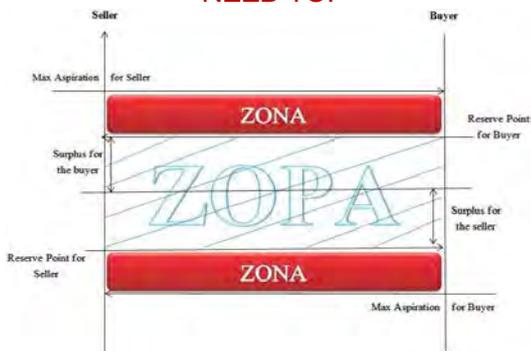
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### BEFORE YOU BEGIN NEGOTIATION YOU NEED TO:



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### IDENTIFYING YOUR WAP

- **Keep it to yourself...** If the other party knows, or has an idea of your WAP then it stops being your WAP and simply becomes your price.
- **Keep to it...** Remain firm and assertive
- Obtain concession if WAP changes
- **Be prepared to walk away...** A walk away price becomes absolutely meaningless if you are not prepared to walk away should it not be met.

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### WARNING

**Setting your WAP unrealistically low leads to the other party not taking you seriously... They will seek to test you at every turn.**

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### IDENTIFYING YOUR ZOPA

- **Realistic Price;** you need to be realistic in negotiations
- In the negotiation for the used car, both parties should feel good about the outcome. Even though the parties might have hoped for a better deal, both got a better price than their WAP
- The ZOPA is the area in which the **final price will sit**, and within that ZOPA you will ideally end up with a price closer to their WAP than yours.

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**SETTING THE TIME AND PLACE**

- Can be an advantage...
- At your own site = you have control
- Time of day
- Environmental factors can interfere
- At the other party's site? Ask the other party to remedy these conditions as much as possible before negotiations begin.

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**A SIMPLE APPROACH TO FOLLOW**

1. Collect all the information you can... Information is POWER
2. Make your preliminary assumptions. Try to visualize BATNA, ZOPA, WAP, etc...
3. Test and adjust your assumptions during the negotiation rounds

Visualizing and testing your assumptions in terms of BATNA's, Reservation Values and ZOPA is a powerful method to improve your performance in every negotiation...

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ELEMENT 4

**EXCHANGING INFORMATION**

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The first step to getting the things you want out of life is this: Decide what you want.

*Ben Stein*

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### INFORMATION EXCHANGE

- The first phase in any negotiation process
- Both sides state their positions
- What to reveal and what to hold back
- The "poker-face" metaphor
- You cannot negotiate blindly, after all
- However, too much information will come back to bite you

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### GETTING OFF ON THE RIGHT FOOT

- Build rapport
- Start with a positive tone
- Find things in common (hobbies or favorite teams)
- Rushing into negotiation = pushy and aggressive
- Show a human side

Projecting an image of relaxed friendliness with an element of clarity is your best way to introduce yourself

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**WHAT TO SHARE?**

- Detailed statement of your position
- Be specific on issues
- Topics for discussion

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**WHAT TO KEEP TO YOURSELF?**

- You don't want to appear secretive or deceptive
- Start with general issues
- "Let's get a few general issues settled before we get into specifics"
- Your success in negotiations depends on knowing what to say, when to say it and when to be silent

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ELEMENT 5

**BARGAINING**

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My idea of an agreeable person is someone who agrees with me.

*Unknown*

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### BARGAINING

- The heart of the negotiation process
- "Bargaining" is what most people mean when they talk about negotiation

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### BARGAINING – WHAT TO EXPECT?

- Do they typically start out with an **unreasonable offer**?
- Do they try to **rush** the negotiation?
- Do they try to frame the issues to their **own advantage**?

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## HOW TO BREAK DEAD-ENDS?

### **MONEY?**

Change the terms: Example: a larger deposit, a shorter pay period, additional terms, responsibilities etc.

### **TEAM / SHARES / RESPONSIBILITIES?**

Change a team member or the team leader...  
Revisit the team organization...

### **OTHER ISSUES**

Agree on easy issues and save the more difficult ones for later

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ELEMENT 6

## MUTUAL GAIN

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When dealing with people, remember you are not dealing with creatures of logic, but with creatures of emotion.

*Dale Carnegie*

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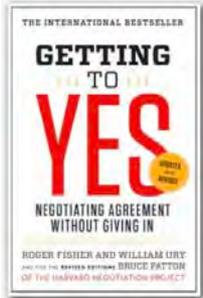
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### INTERESTS NOT POSITIONS



Most negotiations are not as efficient because people argue about **positions** rather than **interests**.

How to focus the negotiation on interests?

That is the question that should guide a negotiation toward achieving **mutual gain**.

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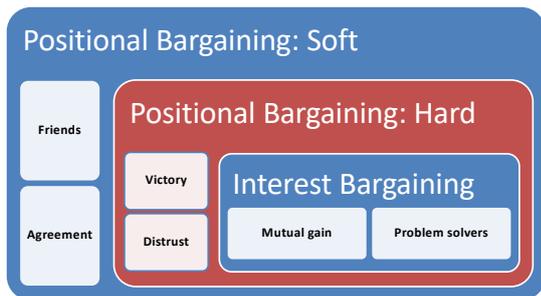
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### THREE OPTIONS




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### POSITIONAL BARGAINING: SOFT

- Participants want to be friends
- The goal is agreement
- Participants trust each other
- Participants are soft on the people and the problem
- Both change positions readily
- They state their bottom line
- They make concessions
- Participants search for one solution

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**POSITIONAL BARGAINING: HARD**

- Participants are adversaries
- The goal is victory and defeat
- They distrust each other
- Hard on the people and the problem
- They stick to their position
- Conceal their bottom line
- Participants demand concessions
- Participants demand one solution

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**INTEREST BARGAINING**

- Participants are problem solvers
- Atmosphere of respect
- The goal is an outcome that will satisfy both interests
- Participants treat trust and distrust as irrelevant
- Soft on the people, **hard on the problem**
- Focus on interests, not positions
- Participants don't have a bottom line
- They invent options for mutual gain
- Participants develop multiple options

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**MUTUAL GAIN SOLUTIONS**

- Both thinking outside the box
- Brainstorming together to "expand the pie"
- Coming up with a range of options
- Changing the scope of negotiation – by asking what if?
- Identify issues to be set aside for future negotiations
- Ignoring the "bear in the room" will not make it go away

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**ASK: WHAT DO I WANT?**

Try to state this positively. Examples:

- I want a fair share of all new customers
- I want a better working relationship with my manager
- I want changes to the schedule

Create two versions of your **needs statement**: your **ideal** resolution and your **realistic** resolution.

Break down your statement into **wants** and **needs**. This is particularly valuable if your statement is vague.

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**ALSO ASK: WHAT DO THEY WANT?**

Also try to state it positively. Examples:

- What does my opponent **need**?
- What does my opponent **want**?
- What is **most** important to them?
- What is **least** important to them?

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**NOW ASK: WHAT DO WE WANT?**

	<b>Sami</b>	<b>George</b>
<b>Wants</b>	<ul style="list-style-type: none"> <li>• To have at least two distribution shifts per week.</li> </ul>	<ul style="list-style-type: none"> <li>• To have at least two distribution shifts per week.</li> <li>• To leave by 4:30 p.m. on Fridays.</li> </ul>
<b>Needs</b>	<ul style="list-style-type: none"> <li>• Leave by 4:30 p.m. on Mondays and Wednesdays.</li> <li>• To ensure that the logistics manager position is covered by someone from Monday to Friday, 8 a.m. to 5 p.m.</li> </ul>	<ul style="list-style-type: none"> <li>• Not to have more than three distribution shifts per week.</li> <li>• To ensure that the logistics manager position is covered by someone from Monday to Friday, 8 a.m. to 5 p.m.</li> </ul>

Both have the same goal: to ensure that the position is covered by someone during regular working hours; a logistical conflict rather than an emotional one. We can also see that there is good starting ground for a solution. When working through the wants and needs of both parties, be careful not to jump to conclusions. Rather, be on the lookout for the root cause. Often, the problem is not what it seems.

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ELEMENT 7  
**CLOSING**

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Negotiating in the classic sense assumes that parties are more anxious to agree than to disagree.  
*Dean Acheson*

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**REACHING CONSENSUS**

- What constitutes consensus?
- Different meanings to different people
- To some, it is unsatisfactory compromise
- TRUTH: you cannot please all of the people all of the time
- Consensus is about pleasing as many people as far as possible
- If you push for 100%, it is possible to end up with 0%
- It is better to have 50% of something than 100% of nothing
- CONSENSUS redefined:  
**SUBSTANTIVE AGREEMENT ON KEY ISSUES...**

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## BUILDING AN AGREEMENT

- Special skill — the ability to **translate generalities into specifics**
- Negotiators should realize that at this stage the **bargaining is over**
- They should create an agreement based on a fair and accurate **interpretation of the consensus**
- Attention to the written agreement
- Demine all bombs and **formalize the agreement**
- Back it up with details... on paper

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## THE PROCESS OF BUILDING AN AGREEMENT



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ELEMENT 10  
**WRAP UP**

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## HAVE A GAME PLAN FOR YOUR NEXT NEGOTIATION

- I hope that your journey to improve your negotiation skills is just beginning
- Review and update your action plan. This will be a key tool to guide your negotiation process in the days, weeks, months, and years to come.
- Best of luck!

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<p>If you're doing something that's not working for you.</p> <p><b>STOP</b> doing it.</p>	<p>If you're doing something that's working for you.</p> <p><b>KEEP</b> doing it.</p>	<p>If there's something you think might work for you if you did it.</p> <p><b>START</b> doing it and see what happens.</p>
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Let us begin anew; remembering on both sides that civility is not a sign of weakness. Let us never negotiate out of fear, but let us never fear to negotiate.

*John F. Kennedy*

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# Thank You

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