

BUSINESS ENGLISH

SESSION 5 (WEEK 6)

MEIYANTI NURCHAERANI S.S.,M.HUM

**UNIVERSITAS ESA UNGGUL
JAKARTA
2018**

WHAT IS NEGOTIATION?

See also: [Transactional Analysis](#)

Negotiation is a method by which people settle differences. It is a process by which compromise or agreement is reached while avoiding argument and dispute.

In any disagreement, individuals understandably aim to achieve the best possible outcome for their position (or perhaps an organisation they represent). However, the principles of fairness, seeking mutual benefit and maintaining a relationship are the keys to a successful outcome.

Specific forms of negotiation are used in many situations: international affairs, the legal system, government, industrial disputes or domestic relationships as examples. However, general negotiation skills can be learned and applied in a wide range of activities. Negotiation skills can be of great benefit in resolving any differences that arise between you and others.

Stages of Negotiation

In order to achieve a desirable outcome, it may be useful to follow a structured approach to negotiation. For example, in a work situation a meeting may need to be arranged in which all parties involved can come together.

The process of negotiation includes the following stages:

- 1. Preparation**
- 2. Discussion**
- 3. Clarification of goals**
- 4. Negotiate towards a Win-Win outcome**
- 5. Agreement**
- 6. Implementation of a course of action**

1. Preparation

Before any negotiation takes place, a decision needs to be taken as to when and where a meeting will take place to discuss the problem and who will attend. Setting a limited time-scale can also be helpful to prevent the disagreement continuing.

This stage involves ensuring all the pertinent facts of the situation are known in order to clarify your own position. In the work example above, this would include knowing the 'rules' of your organisation, to whom help is given, when help is not felt appropriate and the grounds for such refusals. Your organisation may well have policies to which you can refer in preparation for the negotiation.

Undertaking preparation before discussing the disagreement will help to avoid further conflict and unnecessarily wasting time during the meeting.

2. Discussion

During this stage, individuals or members of each side put forward the case as they see it, i.e. their understanding of the situation.

Key skills during this stage include **questioning, listening** and **clarifying**.

Sometimes it is helpful to take notes during the discussion stage to record all points put forward in case there is need for further clarification. It is extremely important to listen, as when disagreement takes place it is easy to make the mistake of saying too much and listening too little. Each side should have an equal opportunity to present their case.

3. Clarifying Goals

From the discussion, the goals, interests and viewpoints of both sides of the disagreement need to be clarified.

It is helpful to list these factors in order of priority. Through this clarification it is often possible to identify or establish some common ground. Clarification is an essential part of the negotiation process, without it misunderstandings are likely to occur which may cause problems and barriers to reaching a beneficial outcome.

4. Negotiate Towards a Win-Win Outcome

This stage focuses on what is termed a 'win-win' outcome where both sides feel they have gained something positive through the process of negotiation and both sides feel their point of view has been taken into consideration.

A win-win outcome is usually the best result. Although this may not always be possible, through negotiation, it should be the ultimate goal.

Suggestions of alternative strategies and compromises need to be considered at this point. Compromises are often positive alternatives which can often achieve greater benefit for all concerned compared to holding to the original positions.

5. Agreement

Agreement can be achieved once understanding of both sides' viewpoints and interests have been considered.

It is essential to for everybody involved to keep an open mind in order to achieve an acceptable solution. Any agreement needs to be made perfectly clear so that both sides know what has been decided.

6. Implementing a Course of Action

From the agreement, a course of action has to be implemented to carry through the decision.

See our pages: [Strategic Thinking](#) and [Action Planning](#) for more information.

Failure to Agree

If the process of negotiation breaks down and agreement cannot be reached, then re-scheduling a further meeting is called for. This avoids all parties becoming embroiled in heated discussion or argument, which not only wastes time but can also damage future relationships.

At the subsequent meeting, the stages of negotiation should be repeated. Any new ideas or interests should be taken into account and the situation looked at afresh. At this stage it may also be helpful to look at other alternative solutions and/or bring in another person to mediate.

See our page on [Mediation Skills](#) for more information.

Informal Negotiation

There are times when there is a need to negotiate more informally. At such times, when a difference of opinion arises, it might not be possible or appropriate to go through the stages set out above in a formal manner.

Nevertheless, remembering the key points in the stages of formal negotiation may be very helpful in a variety of informal situations.

In any negotiation, the following three elements are important and likely to affect the ultimate outcome of the negotiation:

- 1. Attitudes**
- 2. Knowledge**
- 3. Interpersonal Skills**

Attitudes

All negotiation is strongly influenced by underlying attitudes to the process itself, for example attitudes to the issues and personalities involved in the particular case or attitudes linked to personal needs for recognition.

Always be aware that:

- Negotiation is **not** an arena for the realisation of individual achievements.
- There can be resentment of the need to negotiate by those in authority.
- Certain features of negotiation may influence a person's behaviour, for example some people may become defensive.

Knowledge

The more knowledge you possess of the issues in question, the greater your participation in the process of negotiation. In other words, good preparation is essential.

Do your homework and gather as much information about the issues as you can.

Furthermore, the way issues are negotiated must be understood as negotiating will require different methods in different situations.

Interpersonal Skills

Good interpersonal skills are essential for effective negotiations, both in formal situations and in less formal or one-to-one negotiations.

These skills include:

- **Effective verbal communication.**
See our pages: [Verbal Communication](#) and [Effective Speaking](#).
- **Listening.**
We provide a lot of advice to help you improve your listening skills, see our page [Active Listening](#).
- **Reducing misunderstandings** is a key part of effective negotiation.
See our pages: [Reflection](#), [Clarification](#) and [The Ladder of Inference](#) for more information.
- **Rapport Building.**
Build stronger working relationships based on mutual respect. See our pages: [Building Rapport](#) and [How to be Polite](#).
- **Problem Solving.**
See our section on effective [Problem Solving](#).
- **Decision Making.**
Learn some simple techniques to help you make better decisions, see our section: [Decision Making](#).
- **Assertiveness.**
Assertiveness is an essential skill for successful negotiation. See our page: [Assertiveness Techniques](#) for more information.
- **Dealing with Difficult Situations.**
See our page: [Communicating in Difficult Situations](#) for some tips and advice to make difficult communications, easier.

Read more at: <https://www.skillsyouneed.com/ips/negotiation.html>

NEGOTIATING SUCCESSFULLY

Negotiation is a process where two or more parties with different needs and goals discuss an issue to find a mutually acceptable solution. In business, negotiation skills are important in both informal day-to-day interactions and formal transactions such as negotiating conditions of sale, lease, service delivery, and other legal contracts.

Good negotiations contribute significantly to business success, as they:

- help you build better relationships
- deliver lasting, quality solutions - rather than poor short-term solutions that do not satisfy the needs of either party
- help you avoid future problems and conflicts.

Negotiating requires give and take. You should aim to create a courteous and constructive interaction that is a win-win for both parties. Ideally a successful negotiation is where you can make concessions that mean little to you, while giving something to the other party that means a lot to them. Your approach should foster goodwill, regardless of the differences in party interests.

A good negotiation leaves each party satisfied and ready to do business with each other again.

This guide explains why negotiation is important, and outlines strategies and tactics for negotiating well.

<https://www.business.qld.gov.au/running-business/marketing-sales/managing-relationships/negotiating>

NEGOTIATION SKILLS

Negotiating successfully

Strong negotiators master written, verbal and non-verbal communication. They adopt a conscious, assertive approach to their communication.

Good negotiators are:

- flexible
- creative
- aware of themselves and others
- good planners
- honest
- win-win oriented
- good communicators.

Assertive communication

During a negotiation, you may choose to use a passive, aggressive or assertive communication style. Using an assertive style will help increase your chances of negotiating successful outcomes for your business.

Passive communicators are inclined to use ambiguous language, adopt under-confident body language, and give in to demands too easily.

Aggressive communicators take a confrontational approach that tends to alienate other parties and destroy negotiations.

Assertive communicators, however, are both confident and considerate. These communicators are more likely to keep discussion going and facilitate mutually beneficial outcomes. They adopt a strong, steady tone of voice. They are factual, rather than emotional or critical. They describe their views, starting sentences with 'I', rather than direct criticisms starting with 'you'.

Learn about [communicating effectively for business](#).

Tips for effective negotiation

Don't:

- confuse negotiation with confrontation - you should remain calm, professional and patient
- become emotional - remember to stick to the issue, don't make it personal, and avoid becoming angry, hostile or frustrated
- blame the other party if you can't achieve your desired outcome.

Do:

- be clear about what you are offering and what you need from the other party
- be prepared - think about what the other party needs from the deal, and take a comprehensive view of the situation
- be consistent with how you present your goals, expectations and objectives
- set guidelines for the discussion and ensure that you and the other party stick to them throughout the entire process
- use effective communication skills including positive body language
- prepare for compromise

- strive for mutually beneficial solutions
- consider whether you should [seek legal advice](#)
- ask plenty of questions
- pay attention to detail
- put things in writing.

<https://www.business.qld.gov.au/running-business/marketing-sales/managing-relationships/negotiating/skills>

STRATEGIES FOR NEGOTIATING

Understanding the other party's interests and tactics is integral to good negotiating. Choosing a strategy that best responds to their interests and tactics will help you achieve the best outcome.

Matching the strategy to the situation

Some of the different strategies for negotiation include:

- **problem solving** - both parties committing to examining and discussing issues closely when entering into long-term agreements that warrant careful scrutiny
- **contending** - persuading your negotiating party to concede to your outcome if you're bargaining in one-off negotiations or over major 'wins'
- **yielding** - conceding a point that is not vital to you but is important to the other party; valuable in ongoing negotiations
- **compromising** - both parties forgoing their ideal outcomes, settling for an outcome that is moderately satisfactory to each participant
- **inaction** - buying time to think about the proposal, gather more information or decide your next tactics.

Your chosen strategy will depend on who you are negotiating with and the type of relationship you have with them. For example, what level of cooperation and common interest exists between you, and how will each party behave during the negotiation? It will also depend on what you are negotiating, and the time frame and setting you are negotiating in.

HOW TO APPROACH A NEGOTIATION

As well as choosing a strategy, you may wish to consider your approach to the issue being negotiated. There are 3 key approaches to negotiations: hard, soft and principled negotiation. Many experts consider the third option - principled negotiation - to be best practice:

- The hard approach involves contending by using extremely competitive bargaining.

- The soft approach involves yielding, where one party tries hard to meet the interests of the other party and forgoes their own interests.
- Principled negotiation focuses on achieving a lasting, win-win outcome by:
 - separating the people from the problem
 - focusing on interests not positions
 - generating a variety of options before settling on an agreement
 - basing the agreement on objective criteria.

<https://www.business.qld.gov.au/running-business/marketing-sales/managing-relationships/negotiating/strategies>

THE NEGOTIATION PROCESS

Every time you negotiate, you have to make choices that affect whether you achieve a successful outcome for your business. To get the best outcomes, you need to understand the steps involved in the negotiation process.

While many negotiations are straightforward, some will be among the hardest challenges you face. Your success will depend on planning and preparation. Always approach negotiations with a clear set of strategies, messages and tactics that can guide you from planning to closing.

PLANNING YOUR NEGOTIATION

No amount of preparation is too much in approaching complex or high-stakes negotiations. Plan both your approach to the subject under negotiation, and your tone and communication style.

In approaching the subject of your negotiations:

- set your objectives clearly in your own mind (including your minimum acceptable outcome, your anticipated outcome and your ideal outcome)
- determine what you'll do if the negotiation, or a particular outcome, fails
- determine your needs, the needs of the other party and the reasons behind them
- list, rank and value your issues (and then consider concessions you might make)
- analyse the other party (including their objectives and the information they need)
- conduct research and consult with colleagues and partners
- rehearse the negotiation
- write an agenda - discussion topics, participants, location and schedule.

In deciding your communication style, familiarise yourself with successful negotiating strategies. Arm yourself with a calm, confident tone and a set of considered responses and strategies to the tactics you anticipate.

ENGAGING WITH THE OTHER PARTY DURING THE NEGOTIATION

- Introduce yourself and articulate the agenda. Demonstrate calm confidence.
- Propose - make your first offer. The other party will also make proposals. You should rarely accept their first offer. Evidence suggests that people who take the first proposal are less satisfied and regret their haste.
- Check your understanding of the other party's proposal.
- Remember your objectives.
- Discuss concepts and ideas.
- Consider appropriate compromises, then make and seek concessions.
- Suggest alternative proposals and listen to offered suggestions.
- Paraphrase others' suggestions to clarify and acknowledge proposals.
- Give and take.

CLOSING THE NEGOTIATION

Take a moment to revisit your objectives for the negotiation. Once you feel you are approaching an outcome that is acceptable to you:

Look for closing signals; for example

- fading counter-arguments
 - tired [body language](#) from the other party
 - negotiating positions converging
- articulate agreements and concessions already made
- make 'closing' statements; for example
 - 'That suggestion might work.'
 - 'Right. Where do I sign?'
- get agreements in writing as soon as you can
- follow up promptly on any commitments you have made.

<https://www.business.qld.gov.au/running-business/marketing-sales/managing-relationships/negotiating/process>

WHEN NEGOTIATIONS FAIL

Even with the best preparation, you may not always be able to negotiate a successful outcome. You must plan for what to do in case negotiations fail. If you allocate time and resources to planning alternative solutions, you can avoid unnecessary stress and poor business outcomes. Having an alternative plan will help you to:

- reduce your own internal pressures
- minimise your chances of accepting an offer that is not in your best business interests
- set realistic goals and expectations.

PREPARING AN ALTERNATIVE PLAN

It's important to remember that, when it comes to negotiating, there's always more than one positive solution for your business. Ensure you have an alternative plan.

Consider your 'best alternative to a negotiated agreement' (also known as BATNA). Take pressure off yourself by identifying several other options or alternatives to the outcome you are seeking.

1. Brainstorm all available alternatives to the process you are negotiating.
2. Choose the most promising ideas and expand them into practicable alternatives.
3. Keep the best alternative in reserve as a fallback.

Take a firm and assertive stance when proposing ideas or drawing definite lines in your negotiation. Being willing to walk away is a powerful tool. Clearly determine the worst possible outcome you are prepared to accept in the negotiation.

CONSIDER MEDIATION

If negotiations are unsuccessful, be prepared to consider dispute resolution. Third-party mediation can establish a constructive environment for negotiation that requires both parties to discuss, propose and resolve issues fairly and objectively.

<https://www.business.qld.gov.au/running-business/marketing-sales/managing-relationships/negotiating/fail>

TEN NEGOTIATION TECHNIQUES:

1. **Prepare, prepare, prepare.** Enter a negotiation without proper preparation and you've already lost. Start with yourself. Make sure you are clear on what you really want out of the arrangement. Research the other side to better understand their needs, as well as their strengths and weaknesses. Enlist help from experts, such as an accountant, attorney or tech guru.
2. **Pay attention to timing.** Timing is important in any negotiation. Sure, you must know what to ask for, but also be sensitive to *when* you ask for it. There are times to press ahead, and times to wait. When you are looking your best is the time to press for what you want. But beware of pushing too hard and poisoning any long-term relationship.
3. **Leave behind your ego.** The best negotiators either don't care or don't *show* they care about who gets credit for a successful deal. Their talent is in making the other side feel like the final agreement was all *their* idea.
4. **Ramp up your listening skills.** The best negotiators are often quiet listeners who patiently let others have the floor while they make their case. They never interrupt. Encourage the other side to talk first. That helps set up one of negotiation's oldest maxims: whoever mentions numbers first, loses. While that's not always true, it's generally better to sit tight and let the other side go first. Even if they don't mention numbers, it gives you a chance to ask what they are thinking.
5. **If you don't ask, you don't get.** Another tenet of negotiating is, "Go high, or go home." As part of your preparation, define your highest *justifiable* price. As long as you can argue convincingly, don't be afraid to aim high. But no ultimatums, please. Take-it-or-leave-it offers are usually out of place.
6. **Anticipate compromise.** You should expect to make concessions and plan what they might be. Of course, the other side is thinking the same, so never take their first offer. Even if it's better than you'd hoped for, practice your best look of disappointment and politely decline. You never know what else you can get.
7. **Offer and expect commitment.** The glue that keeps deals from unraveling is an unshakable commitment to deliver. You should offer this comfort level to others. Likewise, avoid deals where the other side does not demonstrate commitment.
8. **Don't absorb their problems.** In most negotiations, you will hear all of the other side's problems and reasons they can't give you what you want. They want their problems to become yours, but don't let them. Instead, deal with

each as they come up and try to solve them. If their “budget” is too low, for example, maybe there are other places that money could come from.

9. **Stick to your principles.** As an individual and a business owner, you likely have a set of guiding principles and values that you just won’t compromise. If you find negotiations crossing those boundaries, it might be a deal you can live without.
10. **Close with confirmation.** At the close of any meeting (even if no final deal is struck) recap the points covered and any areas of agreement. Make sure everyone confirms. Follow-up with appropriate letters or emails. Do not leave behind loose ends.

<https://startupnation.com/manage-your-business/10-techniques-for-better-negotiation/>

10 Hard-Bargaining Tactics to Watch Out for in a Negotiation

Some negotiators seem to believe that hard-bargaining tactics are the key to success. They resort to threats, extreme demands, and even unethical behavior to try to get the upper hand in a negotiation.

In fact, negotiators who fall back on hard-bargaining strategies in negotiation are typically betraying a lack of understanding about the gains that can be achieved in most business negotiations. When negotiators resort to hard-bargaining tactics, they convey that they view negotiation as a win-lose enterprise. A small percentage of business negotiations that concern only one issue, such as price, can indeed be viewed as win-lose negotiations, or distributive negotiations.

Discover how to unleash your power at the bargaining table in this free special report, [BATNA Basics: Boost Your Power at the Bargaining Table](#), from Harvard Law School.

Much more commonly, however, business negotiations involve multiple issues. As a result, these so-called integrative negotiations give parties the potential to create win-win outcomes, or mutually beneficial agreements. Business negotiators can

negotiate by brainstorming creative solutions, identifying differences in preferences that can be ripe for tradeoffs, and building trust.

Unfortunately, when parties resort to hard-bargaining tactics in negotiations with integrative potential, they risk missing out on these benefits. Because negotiators tend to respond in the way they are treated, one party's [negotiation hardball tactics](#) can create a vicious cycle of threats, demands, and other hardball strategies. This pattern can create a [hard-bargaining negotiation](#) that easily deteriorates into impasse, distrust, or a deal that's subpar for everyone involved.

10 COMMON HARD-BARGAINING TACTICS & NEGOTIATION SKILLS

To prevent your negotiation from disintegrating into hard-bargaining tactics, you first need to make a commitment not to engage in these tactics yourself. Remember that there are typically better ways of meeting your goals, such as building trust, asking lots of questions, and exploring differences.

Next, you need to prepare for your counterpart's hard-bargaining tactics. To do so, you first will have to be able to identify them. In their book [Beyond Winning: Negotiating to Create Value in Deals and Disputes](#), [Robert Mnookin](#), Scott Peppet, and Andrew Tulumello offer advice to avoid being caught off-guard by [hard bargainers](#). The better prepared we are for hard-bargaining strategies in negotiation, the better able we will be to defuse them.

Here is a list of the 10 hardball tactics in negotiation to watch out for from the authors of *Beyond Winning*:

1. Extreme demands followed up by small, slow concessions. Perhaps the most common of all hard-bargaining tactics, this one protects dealmakers from making concessions too quickly. However, it can keep parties from making a deal and unnecessarily drag out business negotiations. To head off this tactic, have a clear sense of your own goals, *best alternative to a negotiated agreement* (BATNA), and bottom line – and don't be rattled by an aggressive opponent.
2. Commitment tactics. Your opponent may say that his hands are tied or that he has only limited discretion to negotiate with you. Do what you can to find out if these commitment tactics are genuine. You may find that you need to negotiate with someone who has greater authority to do business with you.
3. Take-it-or-leave-it negotiation strategy. Offers should rarely be nonnegotiable. To defuse this hard-bargaining tactic, try ignoring it and focus

on the content of the offer instead, then make a counter-offer that meets both parties' needs.

4. Inviting unreciprocated offers. When you make an offer, you may find that your counterpart asks you to make a concession before making a counteroffer herself. Don't bid against yourself by reducing your demands; instead, indicate that you are waiting for a counteroffer.
5. Trying to make you flinch. Sometimes you may find that your opponent keeps making greater and greater demands, waiting for you to reach your breaking point and concede. Name the hard-bargaining tactic and clarify that you will only engage in a reciprocal exchange of offers.
6. Personal insults and feather ruffling. Personal attacks can feed on your insecurities and make you vulnerable. Take a break if you feel yourself getting flustered, and let the other party know that you won't tolerate insults and other cheap ploys.
7. Bluffing, puffing, and lying. Exaggerating and misrepresenting facts can throw you off guard. Be skeptical about claims that seem too good to be true and investigate them closely.
8. Threats and warnings. Want to know [how to deal with threats](#)? The first step is recognizing threats and oblique warnings as the hard-bargaining tactics they are. Ignoring a threat and naming a threat can be two effective strategies for defusing them.
9. Belittling your alternatives. The other party might try to make you cave in by belittling your [BATNA](#). Don't let her shake your resolve.
10. Good cop, bad cop. When facing off with a two-negotiator team, you may find that one person is reasonable and the other is tough. Realize that they are working together and don't be taken in by such hard-bargaining tactics.

<https://www.pon.harvard.edu/daily/batna/10-hardball-tactics-in-negotiation/>

