

Negotiations

Instructor: Dr. Asem Obied

Negotiations in English

- › One of the most important skills anyone can hold in daily life is the ability to negotiate.
- › In general terms, a negotiation is a resolution of conflict. We enter negotiations in order to start or continue a relationship and resolve an issue.
- › Even before we accept our first jobs, or begin our careers, we all learn how to negotiate. For one person it begins with the negotiation of an allowance with a parent. For another it involves negotiating a television schedule with a sibling.

Negotiations in English

- › Some people are naturally stronger negotiators, and are capable of getting their needs met more easily than others.
- › Without the ability to negotiate, people break off relationships, quit jobs, or deliberately avoid conflict and uncomfortable situations.
- › In the world of business, negotiating skills are used for a variety of reasons, such as to negotiate a salary or a promotion, to secure a sale, or to form a new partnership.

Here are a few examples of different types of negotiations in the business world:

1. • Manager and Clerk: *Negotiating a promotion*
2. • Employer and Potential Employee: *Negotiating job benefits*
3. • Business Partner A and B: *Making decisions about investments*
4. • Company A and Company B: *Negotiating a merger*
5. • Customer and Client: *Making a Sale*

The Art of Negotiating:

Negotiating is often referred to as an "art". While some people may be naturally more skillful as negotiators, everyone can learn to negotiate. And, as they often say in business, **everything is negotiable**.

Some techniques and skills that aid people in the negotiating process include:

- › Aiming high
- › Visualizing the end results
- › Treating one's opponent with respect and honesty
- › Preparing ahead of time
- › Exhibiting confidence

Case Study

For the purpose of this lesson, we will follow the negotiations taking place at a fictional company called *Landscape Labourers*. Markus, a landscaper who has been with this company for five years, believes he is underpaid. He also thinks he deserves more seniority over his crew members. Markus's manager, Louis is also the owner of Landscape Labourers. Though Louis values Markus more than any of his other labourers, he isn't sure that he can afford to pay him more, especially at this time of year when work is unsteady.

Read through the lesson and find out how Markus prepares his case and presents it to management, and how the two parties negotiate and achieve their goals.

Vocabulary:

Word Part of speech	Meaning
alternatives	other options
bargain	try to change a person's mind by using various tactics
bottom-line	the lowest one is willing to go
collective	together
compensate	make up for a loss
compromise	changing one's mind/terms slightly in order to find a resolution

Vocabulary:

Word Part of speech	Meaning
concession	a thing that is granted or accepted
conflict resolution	general term for negotiations
consensus	agreement by all
cooperation	the working together
counter proposal	the offer/request which is presented second in response to the first proposal
counterattack	present other side of an issue

Vocabulary:

Word Part of speech	Meaning
counterpart	person on the other side of the negotiations
demands	needs/expectations that one side believes it deserves
Dispute	argument/conflict
Impulse	quick decision without thought or time
Mislead	convince by altering or not telling the whole truth about something
mutual	agreed by both or all

Vocabulary:

Word Part of speech	Meaning
Objective	goal for the outcome
point of view	person's ideas/ thoughts
Proposal	argument to present
Receptive	open to/interested in an idea
Resolve	end conflict, come to an agreement
tactics	strategies used to get one's goals met

Vocabulary:

Word Part of speech	Meaning
Victory	a win
yield	to give in to another's requests

PREPARING TO NEGOTIATE



Lack of preparation in a negotiation almost always sets a person up for failure.

First and foremost, each party must clearly define their own goals and objectives.

Secondly, each party must anticipate the goals of the opposition. This may require doing some background research.

Finally, each party must come up with various alternatives to their main objectives.

Markus prepares to negotiate with Louis



Markus approaches Louis after his shift on Friday afternoon and asks if he can arrange a meeting to discuss a potential promotion. Louis sighs and reminds Markus that they already had this discussion last year.

Markus agrees, but reminds Louis of his loyalty to the company and insists that they speak again on the subject next week.

Eventually Louis, who is afraid that Markus might quit on the spot, agrees to meet on Monday during the crew's lunchhour.

Markus prepares to negotiate with Louis



Over the weekend, Markus thinks about Monday's meeting. Last year, he was unprepared to negotiate and ended up only getting a 50 cent/hour pay raise. This did not satisfy him, and he has continued to feel undervalued ever since. Many times, after a hard day at work, Markus has considered quitting. However, it is difficult to find work in the middle of winter. Markus has a family to support and he can't afford to lose his job.

Markus decides to do some research on negotiating. He learns the principles behind **collaborative negotiating**, and decides that this is the approach he will take this time. After he has understood the concept he can ask himself the preparatory questions above. Finally, he can apply the rules of collaborative negotiating to his own case.

Here are some preparatory questions to ask yourself before beginning talks with the other party:

1. • What is my main objective?
2. • What are all of the alternatives I can think of?
3. • Why do I deserve to have my goals met?
4. • What will my opponent's counter proposal likely consist of?
5. • How can I respond to this counter proposal?
6. • When would I like to have this issue resolved?
7. • What is my bottom-line?
8. • What market research/homework do I need to do to back up my cause?
9. • What is my bargaining power compared to my opponent's?
10. • What do I know about the principles of negotiating?

Markus Answers The Preparatory Questions



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- My main objective is to be named crew foreman and to earn a salary that is competitive with other foremen in the area.
- Alternatives include looking for work elsewhere, asking for a dollar more an hour, suggesting that Louis hire someone else to take on extra duties.
- I deserve this promotion because I have worked with Landscape Labourers for five consecutive years, and have received many compliments from satisfied clients. I am the team member who reports early every morning and leaves last. If we are under a deadline, I work through my lunchhour. All of the other team members come to me with their questions.

Markus Answers The Preparatory Questions



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- Louis will likely say that he can't afford to pay me more because business is slow in the winter. He will say that there are plenty of qualified labourers who will do the work for less money.
- Both of these arguments are probably true. Landscape Labourers lost a lot of money last year due to poor weather. There were a few weeks that we couldn't work, but Louis had to pay us anyway because of our contracts. And, unemployment is at an all time high in our region. However, Louis just signed a contract with a new company that will mean regular work for at least the next two years. Also, the other team members rely on me, and none of them have the experience to take over my position if I quit. It will cost Louis a lot of money

Markus Answers The Preparatory Questions



- I understand that winter is tough on this business, so I would like to have this issue resolved by spring.
- I will look into three other local landscaping businesses and inquire about the salary and benefits of its employees. I will also review the classified ads to see if any other companies are hiring or looking for a foreman.
- My bottom-line is to receive an extra dollar an hour and to be named team manager.
- I think Louis and I have equal bargaining power right now. None of the other current members of our team are as committed to the job as I am. However, unemployment is high and there are other people he could hire.
- I have never been a strong negotiator. I need to learn more about negotiating strategies and tactics.

COLLABORATIVE NEGOTIATING



In business, the goal of negotiating parties should always be for mutual gain.

This type of win-win negotiation is often called **collaborative** negotiating.

The opposite of collaborative negotiating is called **competitive** negotiating.

The goal of competitive negotiating is for one party to win and the other to lose.

Dishonest practices, such as lying, manipulation, intimidation, and bribery are often used in this type of negotiation.

COLLABORATIVE NEGOTIATING



Main Principles of Collaborative Negotiating:

- Resolve previous conflicts ahead of time
- Deal with issues, not personalities
- Commit to listening more than speaking: The more you know about your counterpart, the more likely you will achieve your goals. You cannot convince someone of something when you do not know anything about them, or what their own needs are. A common mistake is to prepare one's next question or point while the opponent is speaking.

COLLABORATIVE NEGOTIATING



Main Principles of Collaborative Negotiating:

- Establish trust in the onset
- Develop a common goal
- Discuss a common enemy
- Take opponent's views/needs into careful consideration: Not only do you want to win this negotiation, you want your opponent to win as well, so that he or she will negotiate with you again in the future.

Markus Applies the Principles for Collaborative Negotiating

- › I will not discuss the fact that I was only offered a 50 cent raise last year. It was my fault for not being prepared to negotiate.
- › Even though I think Louis is lazy, and takes too many days off when we are busy, I will not point out his shortcomings. This is about my promotion, not his work ethic.
- › I will first thank Louis for employing me for five consecutive years. I will tell him that the stable work has meant a lot to me and my family, and I appreciate the security, especially with so many people out of work.

Markus Applies the Principles for Collaborative Negotiating

- › I will tell Louis that I think his company is one of the most respected landscape companies in the region, and ensure him that my goal is to have a lifelong career at Landscape Labourers.
- › I will say that I hope I will never have to work for a company that does a poor job, such as Powell Designs.
- › I will acknowledge that last year's weather was a problem and note that it is not anyone's fault that the company lost money.

PREPARING TO NEGOTIATE A JOB OFFER



Negotiating a job offer should mean more than just saying, yes. Though being offered a job is an exciting time, it is also an important time to use your negotiating skills.

Here are some issues you may want to raise before you accept:

- Salary
- Promotion Opportunities
- Insurance (medical, dental, accident, life)
- Holidays
- Vacation time
- Retirement/pension plans
- Stock options
- Overtime
- Expenses

THE NEGOTIATION PROCESS



It's time to negotiate! Here are a few golden rules to successful negotiations:

1) Always try to negotiate for at least 15 minutes.

Any less than that and it is unlikely that either party has had enough time to fairly consider the other side. Generally, the size or seriousness of the negotiation determines the amount of time needed to negotiate it. Setting a time limit is a good idea. Approximately 90% of negotiations get settled in the last 10% of the discussion.

2) Always offer to let the other party speak first.

This is especially important if you are the one making a request for something such as a raise. The other party may have overestimated what you are going to ask for and may actually offer more than what you were going to request.

THE NEGOTIATION PROCESS



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It's time to negotiate! Here are a few golden rules to successful negotiations:



- 3) Always respect and listen to what your opponent has to say.** This is important even if he or she does not extend the same courtesy to you. Do your best to remain calm and pleasant even if the other party is displaying frustration or anger. Remember some people will do anything to intimidate you.
- 4) Acknowledge what the other party says.** Everyone likes to know that what they say is important. If the other party opens first, use it to your advantage, by paraphrasing what you have heard. Repeat their important ideas before you introduce your own stronger ones.
- 5) Pay attention to your own and your counterpart's body language.** Review the chart below to learn how to interpret body language during the negotiations. Make sure that you aren't conveying any negative body language.



Language to use to show understanding/agreement on a point:

- › I agree with you on that point.
- › That's a fair suggestion.
- › So what you're saying is that you...
- › In other words, you feel that...

Language to use for objection on a point or offer:

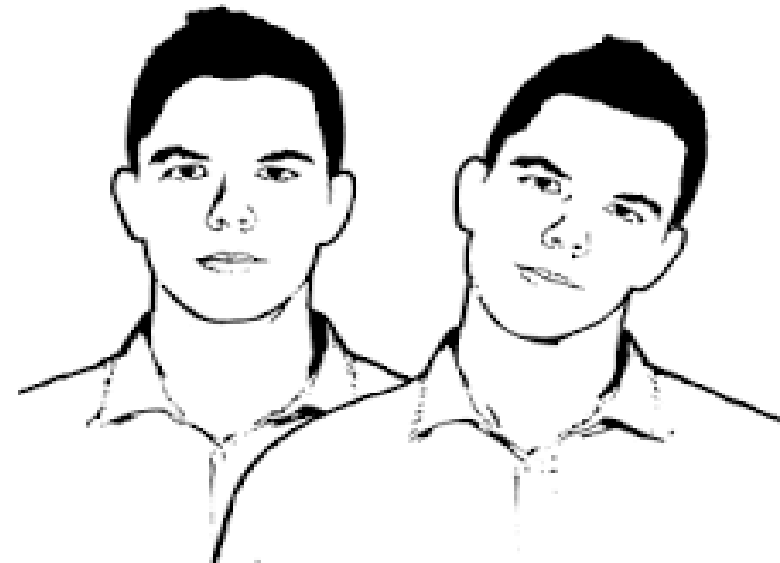
- › I understand where you're coming from; however,...
- › I'm prepared to compromise, but...
- › The way I look at it...
- › The way I see things...
- › If you look at it from my point of view...
- › I'm afraid I had something different in mind.

	Body Language	Possible meaning
	Avoiding Eye Contact	<ul style="list-style-type: none">• Lying• Not interested• Not telling the whole truth
	Serious Eye Contact	<ul style="list-style-type: none">• Trying to intimidate• Showing anger

	Body Language	Possible meaning
	Touching the face/fidgeting	<ul style="list-style-type: none">• Nervousness• Lack of confidence• Submission
	Nodding	<ul style="list-style-type: none">• Agreeing• Willing to compromise

Body Language**Possible meaning****Shaking the head/turning away**

- Frustrated
- In disbelief
- Disagreeing with a point



Markus Opens the Negotiations

- › It's finally lunchtime and Markus and Louis meet as planned. Markus offers for Louis to speak first, but Louis declines:

Markus: Thanks again for agreeing to meet today. I really appreciate you taking the time during your lunch.

Louis: Okay, well, let's get started. I'd like to resolve this as soon as possible so we can get back to work.

Markus: Great. Okay, well, if there's anything you'd like to say first, please be my guest.

Louis: Oh, no, I insist you go first. After all, you're the one who asked to meet with me.

Markus Opens the Negotiations

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Markus: Very well then. First of all I want you to know that I am fully aware of the challenges you have faced in running this company in the last few years. I understand that the poor weather last year ended up costing you and all of the local landscape companies a lot of money. However, I think you realize that I am unsatisfied with my current salary. I've been with Landscape labourers for 5 years now and there have been many other years that were profitable. Despite how much your business has grown, I'm making less than a dollar more than I was the day I started.

Louis: You're lucky to have a job in these times.

Markus: Yes, and I'm very thankful that you have employed me all this time, especially during the slow seasons when the company is struggling to make a profit. It means a lot to me to have that stability, which is why I have remained loyal to your company.

Markus Opens the Negotiations

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Louis: You haven't had much choice but to remain loyal, Markus. There are no jobs out there.

Markus: Well if you don't mind, I'd like to finish what I have to say and then you can let me know what your position is. As a matter of fact, there are a few companies hiring right now in our area. These are not all necessarily companies that I would be interested in working with. For example, you and I both know that I would never want to work for a company such as Powell Designs. I'd much prefer to be associated with a company like Landscape Labourers because we do a good job. Having said that, I took the liberty of calling a few other local companies to find out what type of salary packages they offer to their foremen.

Louis: Foremen? I don't have a foreman. I never have. It's not my style. Don't forget, you're a contract labourer just like the rest of the crew.

Markus Opens the Negotiations

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Markus: Yes, I thank you for bringing that up. Besides deserving a higher salary, one that is competitive with local companies, I also think that I deserve a new title. You and I both know that the crew looks to me as though I am a foreman, even though I don't have the title.

Louis: You don't have the title, but you also don't have the responsibility. It's a lot of work being a foreman.

Markus: Exactly. And you can't say that you haven't noticed me coming in earlier than the others and leaving later. I also designate jobs to all of the crew members each morning and call suppliers when needs arise. These are duties of a foreman, am I right?

Louis: I suppose. But a foreman also helps solve conflicts that arise within a team, and deals with customer complaints. You always pass those things on to me.

Markus: I agree with you on that. However, I would be willing to take on these extra responsibilities, should you offer me a foreman position at a rate of \$25.00 per hour.

Coming to a Close or Settlement

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There are a number of signals that indicate that negotiations are coming to a close. This may not always mean that an agreement has been reached. In many cases, there are many rounds of negotiations. The preliminary round may uncover the major issues, while subsequent rounds may be needed to discuss and resolve them. Here are some signals of talks coming to a close:

- › A difference of opinion has been significantly reduced
- › One party suggests signing an agreement.
- › One or both parties indicate that a period of time to pause and reflect is necessary.

Beware of last-minute strong-arm tactics.

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Even if you make the decision to treat your negotiating opponent with honesty and kindness, the other party may not extend you the same respect. Be prepared to stand your ground firmly, yet cordially, especially in the last few minutes of the negotiations.

This is the time when manipulative parties may employ certain tactics in order to try to fool you into losing focus or lowering goals and standards. Remember that conflicts are generally resolved in the last few minutes. The theory behind last minute tactics is that one party may be more willing to give in out of fear that all of the concessions or progress made up to that point (perhaps hours or weeks of talks) might be lost.

People also get tired or have other commitments that need to be met, such as making an important phone call before another business closes, or picking up children from school.

Beware of last-minute strong-arm tactics.

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Here are some last minutes tricks that negotiators often use at this time:

- › Walking out of the room
- › Offering a short-term bribe
- › Telling you to take it or leave it
- › Giving an ultimatum
- › Abrupt change in tone (used to shock the other party into submission)

Language to use in closing

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- › It sounds like we've found some common ground.
- › I'm willing to leave things there if you are.
- › Let's leave it this way for now.
- › I'm willing to work with that.
- › I think we both agree to these terms.
- › I'm satisfied with this decision.

Louis Signals an End to the Negotiations and Attempts some Last-minute Tactics

Louis: Look, we're running out of time here and I've barely had a bite of my lunch.

Markus: I know, and we have a lot of work to get done this afternoon.

Louis: Well, I guess we'll have to settle this at another time.

Markus: Actually, I'd really like to get this settled today. I know how busy you are, and it's not easy to get you to sit down and talk.

Louis: (standing up and getting ready to walk out of the room)
Well, we're not getting anywhere.

Markus: Please sit down for a few more minutes so we can make a decision.

Louis Signals an End to the Negotiations and Attempts some Last-minute Tactics

Louis: And what if I don't? Are you going to quit?

Markus: I am a loyal employee, and I believe that it is in the best of both of our interests to have this conflict resolved. This should only take a few more minutes.

Louis: Fine. You can be the foreman. I'll even change the title on your pay stub. But no raise.

Markus: I think you and I both know, that the raise is more important to me than the title itself.

Louis: You know, not very many owners would agree to give a person like you the title of foreman. You don't even have your proper certification.

Louis Signals an End to the Negotiations and Attempts some Last-minute Tactics

Markus: You've said before that experience means more to you than education. Remember that guy Samuel that you hired. He had a four year diploma in landscape design but had never worked a day out on the fields. You let him go before his probation was up.

Louis: Oh, don't remind me of that kid.

Markus: Look, I'd be willing to accept \$24.00/hr, if you agree to review my salary again come spring.

Louis: Fine. I guess, that's fair. You are my best employee, right now at least.

Markus: Great, then, you won't mind changing my status to crew foreman. I won't disappoint you. Remember, I'm willing to take on the extra duties of a foreman, which will give you more time to find new clients.

Louis Signals an End to the Negotiations and Attempts some Last-minute Tactics

Louis: Speaking of new clients. I'm expecting an important phone call in ten minutes, so let's wrap this up.

Markus: Well, I think we've both agreed on the terms. Can we shake on it? I mean, can I have your word that my new hourly wage will begin at the beginning of next month?(Markus holds out his hand.)

Louis: (Louis shakes it.) Okay, Mr. Foreman. Get back to work, would you. And, I'll need you to order all of the supplies for Monday.

Markus: Thanks, Louis. I'll get on that right now.

FORMALIZE THE AGREEMENT/NEGOTIATION



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In most business negotiations it is a good idea to get something down in writing. Even if a decision has not been made, a **letter of intent** to continue the negotiations is often used. This is a way for each party to guarantee that talks will continue. A letter of intent often outlines the major issues that will be discussed in future negotiations.

In some cases a **confidentiality agreement** is also necessary. This is a promise from both parties to keep information private between discussions. When an agreement has been decided, a formal contract may be required.

On the other hand, depending on the seriousness of the decision, and the level of trust between the two parties, a simple handshake and **verbal agreement** may be all that is needed. For example, an employer may offer a promotion and an employee may trust that the new salary will be reflected on the next paycheque.

However, even if nothing is put formally in writing, it is wise to send an e-mail or letter that verifies the terms and puts the agreement on record, especially when a specific number is decided on.

Sample E-mail:

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To: louis@landscapelabourers.com
From: markus@landscapelabourers.com
Subject: Today's Negotiation
Attachment: Site #345

Hi Louis

I just wanted to write and thank you for spending your lunch hour with me today. I'm pleased with how our talks went and am excited to take on my new role as crew foreman. Even though my new salary will not be put in place until the first of next month, I will begin my new duties immediately. The supplies for Monday's job (Site #345) have all been ordered, and the total of the invoice will be \$349.98, including tax and delivery. The crew has been assigned their tasks for Monday so we will be able to start as soon as we arrive. You will find a chart attached outlining who will be taking care of what and how long it should take us to have it completed. If you have any concerns, feel free to call me at home over the weekend. Thanks again,
Markus