

NEGOTIATION



@ VENU GOPAL
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TYPES OF NEGOTIATION

- ⦿ **Distributive** : *a negotiation in which parties compete with each other over the distribution of a fixed sum of value. The key is 'who will claim the most value'. A win – lose situation*
- ⦿ **Integrative** : *a negotiation in which the parties cooperate to achieve maximum benefits by integrating their interests into an agreement. These deals are about creating value and claiming it. Win-win situation*



Getting started - Prerequisites

- ◎ For any negotiation the knowledge of the following is important
 - *The alternative to negotiation*
 - *The minimum threshold price for a negotiated deal*
 - *How flexible a party is willing to be, and what trade-off it is willing to make.*

 - *Three concepts are important – BATNA, Reservation price and ZOPA*



BATNA

- **The Best Alternative to a Negotiated Agreement**
- **Knowing your BATNA means you know what you will do or what will happen if you fail to reach an agreement in the negotiation at hand.**
- **Your BATNA is the preferred course of action of what you would do if there is no agreement**
- **Examples**



Strong and Weak BATNAs

- **Your best position determines the point at which you can say no to an unfavorable proposal**
- **A weak BATNA on the other hand puts you in a weak bargaining position**



Improving your position

- **Improve your BATNA**
- **Identify the other side's BATNA**
- **Weaken the other party's BATNA**



RESERVATION PRICE

- Know your reservation price.
- What variables affect price?



ZOPA

- **Zone of Possible Agreement**
- **It is the area or range in which a deal that satisfies both parties can take place.**
- **It is an agreement that potentially satisfies both parties**



Nine steps to a 'Deal'

- 1) Consider what a good outcome would be for you and the other side
- 2) Identify potential value creation opportunities
- 3) Identify your BATNA and Reservation Price, and Do the same for the Other Side.
- 4) Shore up your BATNA
- 5) Anticipate the Authority Issue
- 6) Learn all you can about the other sides people, their goals and how they framed the issue
- 7) Prepare for Flexibility in the Process – do not lock yourself in a rigid sequence
- 8) Gather External Standards and criteria relevant to Fairness
- 9) Alter the Process in your favour



Tips for Active Listening

- **Keep your eyes on the speaker**
- **Takes notes as appropriate**
- **Don't allow yourself to think about anything but what the speaker is saying**
- **Resist the urge to formulate your response until after the speaker has finished**
- **Pay attention to speaker's body language**
- **Ask questions to get more information**



Look for options that Exploit Differences

- Access to resources (60)
- Future expectations
- Time preference
- Risk aversion
- Take your time



Frequently asked Tactical questions

- FAQs about price
 - Should I ever state my acceptable range
 - Should I ever tell the other side my real bottom line
- FAQs about process
- FAQs about People problems



Barriers to Agreement

- Die hard bargainers
- Lack of Trust
- Informational vacuums and the Negotiator's Dilemma
- Structural Impediments
- Spoilers
- Communication problems
- The power of a dialogue



Categories of interpersonal skills for a successful negotiator

- Expressing strong feelings appropriately
- Remaining rational in the face of strong feelings
- Being assertive within a negotiation without damaging the relationship
- Speaking clearly that promotes listening
- Inquiring and listening effectively

