



Pathways to Higher Education Project

**Center for Advancement of Postgraduate
Studies and Research in Engineering Sciences,
Faculty of Engineering - Cairo University
(CAPSCU)**



Cairo University

Negotiation Skills

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**Cairo
2005**

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First Published 2005

Published by Center for Advancement of Postgraduate Studies and Research
in Engineering Sciences, Faculty of Engineering - Cairo University (CAPSCU)

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Deposit No. 9678/2005

ISBN 977-223-986-8

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Acknowledgment

On behalf of Pathways to Higher Education Management Team in Egypt, the Project Coordinator wishes to extend his thanks and appreciation to the Ford Foundation (FF) for its full support to reform higher education, postgraduate studies and research activities in Egypt. The Management Team extend their special thanks and appreciation to Dr. Bassma Kodmani, Senior Project Officer at the Ford Foundation office in Cairo, who helped initiate this endeavor, and who spared no effort to support the Egyptian overall reform activities, particularly research and quality assurance of the higher education system. Her efforts were culminated by the endorsement to fund our proposal to establish the Egyptian Pathways to Higher Education project by the Ford Foundation Headquarters in New York.

The role of our main partner, the Future Generation Foundation (FGF), during the initial phase of implementation of the Pathways to Higher Education Project is also acknowledged. The elaborate system of training they used in offering their Basic Business Skills Acquisition (BBSA) program was inspiring in developing the advanced training program under Pathways umbrella. This partnership with an NGO reflected a truly successful model of coordination between CAPSCU and FGF, and its continuity is mandatory in support of our young graduates interested in pursuing research activities and/or finding better job opportunities.

The contribution of our partner, The National Council for Women (NCW), is appreciated. It is worth mentioning that the percentage of females graduated from Pathways programs has exceeded 50%, which is in line with FF and NCW general objectives. The second phase of the project will witness a much more forceful contribution from the NCW, particularly when implementing the program on the governorates level as proposed by CAPSCU in a second phase of the program.

We also appreciate the efforts and collaborative attitude of all colleagues from Cairo University, particularly the Faculties of Commerce, Art, Mass Communication, Law, Economics and Political Sciences, and Engineering who contributed to the success of this project.

Finally, thanks and appreciation are also extended to every member of the Center for Advancement of Postgraduate Studies and Research in Engineering Sciences (CAPSCU), Steering Committee members, trainers, supervisors and lecturers who were carefully selected to oversee the successful implementation of this project, as well as to all those who are contributing towards the accomplishment of the project objectives.

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CU Cairo University

NCW National Council for Women

FF Ford Foundation

FGF Future Generation Foundation

CAPSCU Center for Advancement of Postgraduate Studies and Research in Engineering Sciences, Faculty of Engineering - Cairo University

Publisher Introduction

The Faculty of Engineering, Cairo University is a pioneer in the field of learning and continual education and training. The Center for Advancement of Postgraduate Studies and Research in Engineering Sciences, Faculty of Engineering - Cairo University (CAPSCU) is one of the pillars of the scientific research centers in the Faculty of Engineering. CAPSCU was established in 1974 in cooperation with UNIDO and UNESCO organizations of the United Nations. Since 1984, CAPSCU has been operating as a self-financed independent business unit within the overall goals of Cairo University strategy to render its services toward development of society and environment.

CAPSCU provides consultation services for public and private sectors and governmental organizations. The center offers consultation on contractual basis in all engineering disciplines. The expertise of the Faculty professors who represent the pool of consultants to CAPSCU, is supported by the laboratories, computational facilities, library and internet services to assist in conducting technical studies, research and development work, industrial research, continuous education, on-the-job training, feasibility studies, assessment of technical and financial projects, etc.

Pathways to Higher Education (PHE) Project is an international grant that was contracted between Cairo University and Ford Foundation (FF). During ten years, FF plans to invest 280 million dollars to develop human resources in a number of developing countries across the world. In Egypt, the project aims at enhancing university graduates' skills. PHE project is managed by CAPSCU according to the agreement signed in September 22nd, 2002 between Cairo University and Ford Foundation, grant No. 1020 - 1920.

The partners of the project are Future Generation Foundation (FGF), National Council for Women (NCW) and Faculties of Humanities and Social Sciences at Cairo University. A steering committee that includes representatives of these organizations has been formed. Its main tasks are to steer the project, develop project policies and supervise the implementation process.

Following the steps of CAPSCU to spread science and knowledge in order to participate in society development, this training material is published to enrich the Egyptian libraries. The material composes of 20 subjects especially prepared and developed for PHE programs.

Dr. Mohammad M. Megahed
CAPSCU Director
April 2005

Foreword by the Project Management

Pathways to Higher Education, Egypt (PHE) aims at training fresh university graduates in order to enhance their research skills to upgrade their chances in winning national and international postgraduate scholarships as well as obtaining better job.

Pathways steering committee defined the basic skills needed to bridge the gap between capabilities of fresh university graduates and requirements of society and scientific research. These skills are: mental, communication, personal and social, and managerial and team work, in addition to complementary knowledge. Consequently, specialized professors were assigned to prepare and deliver training material aiming at developing the previous skills through three main training programs:

1. Enhancement of Research Skills
2. Training of Trainers
3. Development of Leadership Skills

The activities and training programs offered by the project are numerous. These activities include:

1. Developing training courses to improve graduates' skills
2. Holding general lectures for PHE trainees and the stakeholders
3. Conducting graduation projects towards the training programs

Believing in the importance of spreading science and knowledge, Pathways management team would like to introduce this edition of the training material. The material is thoroughly developed to meet the needs of trainees. There have been previous versions for these course materials; each version was evaluated by trainees, trainers and Project team. The development process of both style and content of the material is continuing while more courses are being prepared.

To further enhance the achievement of the project goals, it is planned to dedicate complete copies of PHE scientific publications to all the libraries of the Egyptian universities and project partners in order to participate in institutional capacity building. Moreover, the training materials will be available online on the PHE website, www.Pathways-Egypt.com.

In the coming phases, the partners and project management team plan to widen project scope to cover graduates of all Egyptian universities. It is also planned that underprivileged distinguished senior undergraduates will be included in the targeted trainees in order to enable their speedy participation in development of society.

Finally, we would like to thank the authors and colleagues who exerted enormous efforts and continuous work to publish this book. Special credit goes to Prof. Fouad Khalaf for playing a major role in the development phases and initiation of this project. We greatly appreciate the efforts of all members of the steering committee of the project.

Dr. Sayed Kaseb

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Chapter 1: Introduction

People negotiate all the time. Friends negotiate to decide where to have dinner. Children negotiate to which television program to watch. Businesses negotiate to purchase materials and to sell their products. Lawyers negotiate to settle legal claims before they go to court. The police negotiate with terrorists to free hostages. Nations negotiate to open their borders for free trade.

Negotiations occur for one of two reasons:

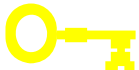
- 1) To create something new that neither party could do on his or her own.**
- 2) To resolve a problem or dispute between the parties. Because people can negotiate about so many different things, understanding the fundamental processes of negotiation is essential for anyone who works with other people.**

Definition of
Negotiation



Negotiation is a dynamic process of adjustment by which two parties, each with their own objectives, confer together to reach a mutually satisfying agreement on a matter of common interest. This definition contains the essential themes which it is the purpose of this training course aims to develop. The chosen field is that of commercial contracts whether for the sale, or purchase of goods and services or the construction of engineering works.

Characteristics
of a Negotiation
Situation



1.1 Characteristics of a Negotiation Situation

1. There are two or more parties- that is, two or more individuals, groups, or organizations. Although people can "negotiate" with themselves - as when someone debates whether to spend the afternoon studying, playing tennis, or going to the football game - we will discuss negotiation as an *interpersonal* or inter-group process.

2. There is a conflict of interest between two or more parties that is, what one wants is not necessarily what the other one wants and the parties must, therefore, search for a way to resolve the conflict.

3. The parties negotiate because they think they can use some form of influence to get a better deal that way than by simply taking what the other side will voluntarily give them or let them have. *Negotiation is largely a voluntary process. It is a strategy pursued by choice; seldom are we required to negotiate.*

4. The parties, at least for the moment, **prefer to search for agreement** rather than to fight openly, have one side capitulate, permanently break off contact, or take their dispute to a higher authority to resolve it.

5. When we negotiate, we expect give and take. We expect that both sides will modify or give in somewhat on their opening statements, requests, or demands. Although the parties may at first argue strenuously for what they want, each pushing the other side for concessions, usually both sides will modify their positions and each will move toward the other.

6. Successful negotiation involves the management of *intangibles* as well as the resolving of *tangibles* (e.g., the price or the terms of agreement). Intangible factors are the underlying psychological motivations that may directly or indirectly influence the parties during a negotiation.

Some examples
of intangibles

Some examples of intangibles are:

- (a) The need to 'look good' to the people you represent.*
- (b) The desire to book more business than any other salesperson in your office.*
- (c) The fear of setting precedent in the negotiations.*

What sort of negotiation do you get involved in?

What are the aspects of negotiation that you feel you do well?

What are the aspects you would like to improve?

The Model



1.2 The Model

A negotiation is a very complex event. *Two people, or two sets of people or even several teams come together to handle a difficult issue about which they know only part of the story. They have different personalities; different pressures on them; different reasons for being there. They may not communicate very well. They may well be suspicious of each other.*

At any one time, there will not be just one thing going on in any individual's mind. Many different things will be going on at different levels.

To enable you to bring some order to this highly complex event, you need a framework or a model which you can carry around like a map to see where you are and why, see **Figure 1.1**.

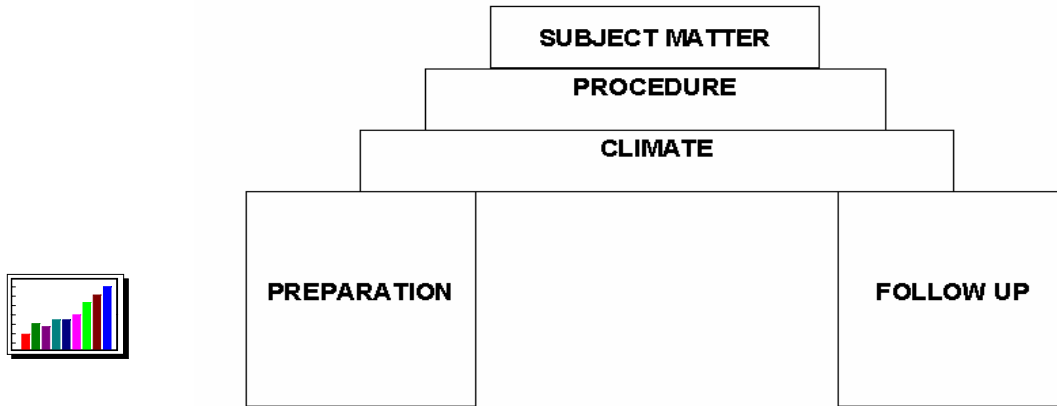


Figure 1.1: A simple model

At the top of the model is the **SUBJECT MATTER** of the negotiation. **This is what you are negotiating.** This could be a deal for the supply of materials, a pay deal, and a legal contract of some sort or whatever.

The subject matter is supported by various elements of the negotiating process-foundations. There is the procedure by which the subject matter is discussed. What order things are discussed in, how much time is taken and so on. There is the **CLIMATE in which the negotiation takes places.** Is it friendly?

Is it brisk and business - like? Or relaxed and disorganised?

These are the supports to the development of the subject matter.

The subject matter and its supports rest on events spread over time. These are the preparation which takes place before the negotiation, the interactions which take place during the negotiation and the follow up which takes place after the negotiation.

1.3 Time and Energy

Time and
Energy



Figure 1.2 shows how energy varies with time in a negotiation. It is, of course, very simplified.

When parties meet to negotiate, they are at a high state of readiness. Attention and interest are high.

As the negotiation develops, the energy of the parties tends to die away. Eventually, they reach a stage at which they are tired and losing interest and it becomes counterproductive to carry on.

Just before the perceived end of the negotiation, or at any rate a meeting during the negotiation, the energy levels of the parties rise sharply. The same thing happens in a training session when the trainer says, "and lastly..."

Of course, the curve is not smooth as shown in Figure 1.2. It will

ripple up and down as the negotiation proceeds but the overall shape is correct. The two points at which everyone's energy is at a peak are the opening few minutes and the closing few minutes. What happens in these two critical phases is more important than everything else.

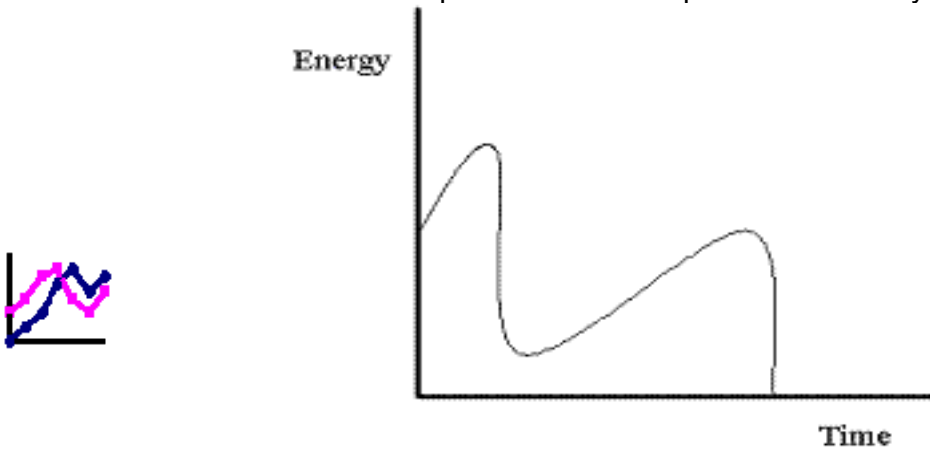


Figure 1.2: Energy varies with time

At this stage we are concerned with the opening phase of the negotiation.

1.4 The Climate

The Climate



The very first thing that happens when parties meet to negotiate is that a climate begins to form. This happens when energy is high and the climate is established very quickly. Once established, it will not be changed easily. First impressions last.

What sort of climate do we want? The answer to this has to be the sort of climate which will enable us to explore the issues most effectively and will enable us to reach an agreement to the satisfaction of both parties in a reasonable time.

Bill Scott explores the issue of climate thoroughly in his book, "The Skills of Negotiating". **The conclusion he reaches is that we need a climate which is:**

We need a climate which is:

- **CORDIAL**
- **COOPERATIVE**
- **BRISK**
- **BUSINESSLIKE**

Cordial

By "**cordial**", we mean that it has to be **friendly**. This does not mean that parties have to go out of their way to like each other. It means they should hold a competent, constructive business discussion and not a spectacular confrontation.

By "**cooperative**", we mean that the **atmosphere should be one of "win-win"**. Each party should be striving to help the other towards

Cooperative an agreement.

Brisk By "**brisk**", we mean that the **discussion should move at a measured pace along agreed lines and not flounder in aimless chat.**

By "**businesslike**", we simply mean **businesslike! Professional!**

Businesslike Experience in a range of negotiations has shown that a climate with these entire attributes stands the best chance of producing a satisfactory outcome.

1.4.1 How Does the Climate Become Established?

How Does the
Climate Become
Established?



The climate develops very quickly and comes from verbal and non verbal behaviour. The climate is determined by what people say, what they do and how they look.

Getting the right climate is so important that you should spend time specifically on achieving it. The preliminaries to negotiation can be the most important part. They can set the stage for successes or failure. You should be prepared to spend about 5% of the likely time for the whole negotiation just on establishing the climate. For example, if you anticipate the negotiation taking an hour, be prepared to spend three or four minutes on achieving the climate before you even MENTION business. For a long negotiation taking several days, spend an evening having dinner with the other party before starting. Bear in mind, too, that each party has come to the negotiation from a different immediate experience. One may be flustered and angry after a difficult trip. The other may have just been informed of a crisis in his or her department and may be wishing the negotiation had not been planned for this particular time. They will need time to get on to the same wavelength and focus on the subject in hand.

One of the prime influences on climate is appearance. It is vital that both parties dress in a way which seems appropriate to the other. There is no right and wrong way to dress for a negotiation. Just an appropriate way. In a business negotiation in Britain, a smart, well groomed appearance (suit for men, smart outfit for women) is often appropriate. In Scandinavia, a blazer and slacks. In an overtly creative industry like advertising, open necked shirts and corduroy trousers may be appropriate. The important thing is to appear in a way which shows respect and concern for the other party to the negotiation.

When you meet for the first time in a negotiation, concentrate first on the pace and cordial atmosphere. Convey an

enthusiastic and positive image. Be positive in greeting the other party. Stand up if you are sitting. We suggest the first few moments of the meeting should be spent standing. Talk about neutral topics, such as the journey you have just had, the view from the room or some conversation piece in the room.

Now we come to a critical moment in the negotiation. The bridging from conversation to serious discussion. It is important that this be done smoothly and in such a way as to maintain the momentum and cordial atmosphere. It is absolutely essential that you have a ROUTINE. By this we mean a standard line of development which enables you to switch into the negotiation proper. Without this, there will be an awkward hiatus once the parties run out of small talk. This could destroy the climate and force you to start all over again. We suggest you say something like, "Could we start by agreeing on procedure?" This is hardly likely to lead to an argument and it opens the way to the first agreement of many as the negotiation proceeds towards eventual overall agreement. Do phrase the opening as a question. The other party may have an alternative procedure in mind and if you start by saying, "I would like to start by agreeing the procedure", the other party may say, "Well, I would rather start by..." and you are immediately at odds. And do allow a brief pause before opening to see if the other party intends to open first.

A few moments spent at this stage will add the cooperative and businesslike dimensions to the cordial and brisk climate already established.

1.5 Procedure

Procedure



A key theme which runs throughout this programme is to agree wherever possible. The final agreement which results from a successful negotiation is reached through a series of subsidiary agreements.

In agreeing procedure, you should aim to agree on:

Agree on:

- **Purpose**
- **Plan**
- **Pace**

Purpose
Plan
Pace

First and most importantly, agree why you are there. This is the purpose of your meeting. If one party thinks the purpose is to reach a final agreement and the other thinks it is to hold a preliminary discussion, or if one thinks it is to have a technical discussion and the other thinks it is to hold commercial discussions, the parties will not reach a satisfactory outcome.

Start by agreeing the purpose of the meeting. In nine cases out of ten, you will reach agreement at once. Once you have agreement,

restate it and, if possible, write it down somewhere easily visible. Now you have already started to cooperate and agree!

Incidentally, if you do not agree at once, do not argue whatever you do. Negotiate an agreement on purpose using all the tactics and principles taught later this program.

Now move on to the plan-the agenda. Again, the object here is to AGREE. Even if you have agreed in writing in advance on an agenda, get it into the open again and see if you all still agree on it. A good way to agree an agenda is to list all the things YOU would like to see discussed. Then listen while the other party or parties list their needs. Then agree an agenda which incorporates all the points you agree on. If you differ about some points, you will have to AGREE either to leave them until another occasion or AGREE to incorporate them. Do not DISAGREE on whether to discuss them.

Now we come to pace-how long should we spend? State how long you think the negotiation should take and listen to everyone else's opinion. Agree on a likely time. If you have a problem with time, you may have to reconsider your purpose and plan. For example, if it transpires that one party has 40 minutes available for the negotiation and the other has all day you may need to agree a more modest plan and purpose for the shorter time. As well as agreeing the overall time for the negotiation, agree in outline the time to be devoted to each part of it. You will need to review this regularly as the negotiation progresses. If it becomes obvious that the original plan is not going to be completed in the time, stand back from the subject matter and agree with your other party a new plan.

1.6 Geography

Geography



The actual layout of the negotiating area is important.

Figure 1.3 shows a possible arrangement. Two teams facing each other across a battlefield of teak!

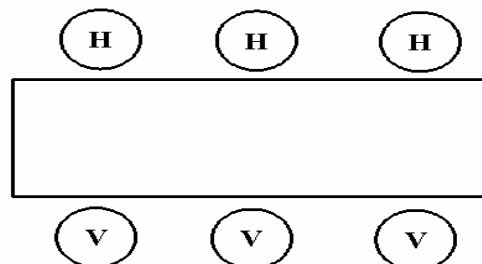


Figure 1.3: Possible arrangement

Figure 1.4 is worse. The defenders sit with their backs to the wall while the invaders get the sun in their eyes!

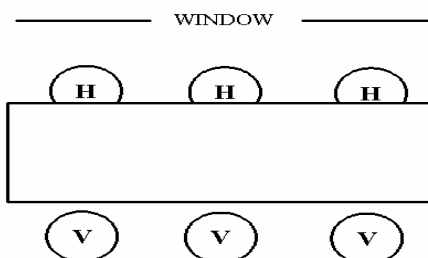


Figure 1.4: Worse setting

The geography can be collaborative or antagonistic. For many years, now, managers have been advised not to sit behind a desk while interviewing or appraising. The same applies while negotiating. Think about the geography and see if you can arrange something collaborative. Again, there is no right and wrong way to sit. Only appropriate ways.

Figures 1.5, 1.6 and 1.7 are layouts you might consider trying....

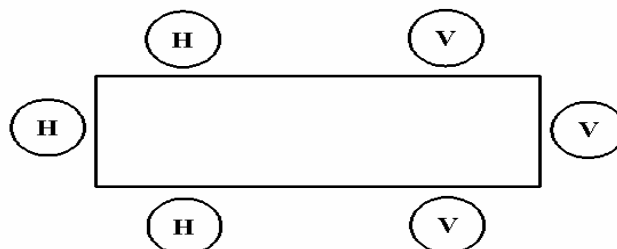


Figure 1.5: Possible way of setting

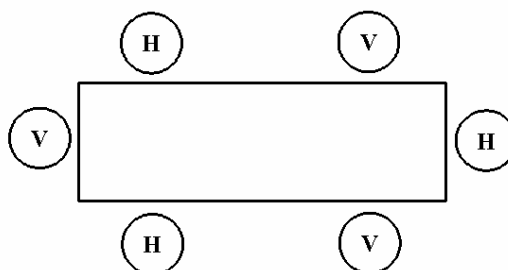


Figure 1.6: Other way of layout of setting

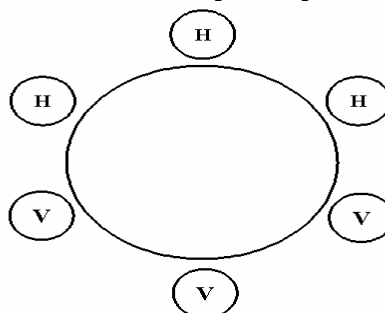


Figure 1.7: Round table possible setting

Chapter 2: Preparation for Negotiation

Definition



There are two separate preparations for any negotiation. First there is the technical preparation. By this, we mean all the facts and figures.

For example, if you are negotiating an engineering contract you will need to research specifications, delivery and performance requirements and so on.

Technical preparation means knowing your subject.

Quite apart from this is Preparing to Negotiate.

Technical preparation is outside our scope. It is your job to make sure that you fully know facts before you meet the other party.

Preparing to negotiate is very much our concern here, however.

Preparing to
Negotiate



2.1 Preparing to Negotiate

It is very important to be properly prepared for a negotiation. Properly prepared means knowing how you intend to conduct the negotiation. It does not mean having a fixed, detailed position that you intend to fight for.

While you are negotiating you need to be free to listen to the other party and respond constructively. This will be impossible if you have a detailed position worked out in advance.

Remember that one of the best outcomes from a negotiation is that you should agree on a deal which neither of you had thought of before but which both of you now think is highly satisfactory.

Detailed planning actually militates against this outcome. People resist moving away towards unknown ground from a position they have spent time and effort preparing.

Any planning procedure has to pass two tests:

- 1. It must be simple enough for busy people to apply it quickly and easily in limited time.**
- 2. It must be simple enough to be used during the ebb and flow of a negotiation.**

Here is such a procedure.

The
A4/A5/A6 P



2.2 The A4/A5/A6 P

Start with a sheet of A4 paper. Head it "Negotiations with (other party) about (subject)." Under that write "Mind Clearing".

Then allow yourself two minutes. During this two minutes write down anything and everything you can think of about the negotiation. Keep writing regardless of what comes out. Use only words or short phrases. Do not evaluate anything you write down at this stage and do not stop yourself from putting anything down. No-one will see this sheet but you!

You will find your mind racing over facts, strategies, time scales, personalities, concessions, alternatives, concerns and so on. Try to capture every idea. Don't worry if the same idea recurs in different forms and don't worry if you go off down a line of thought that causes several words to be developments on earlier ones. Don't worry about the importance of ideas. If you think about a maximum offer of? 10 million one second and how you are going to get from the station to the office the next, jot them both down. But keep writing until your two minutes are up. And don't go beyond minutes or your concentration will lapse.

Now, put the A4 sheet away.

The A5 stage



2.2.1 The A5 stage

Take a sheet of A5 paper. Head it "Negotiation with (other party) about (subject)" and write "Plan" underneath the heading.

Now sit back and relax!

Ask yourself "why am I going to negotiate?" Reflect on this. Are you going to hold an exploratory discussion? Or do you want to reach agreement on a principle? Or are you agreeing some part of a whole that has already been agreed in principle?

Take your time to clarify your purpose. When you are clear, write that purpose as a short statement on your A5sheet.

Now sit back and relax again!

Try to think of 4 headings or phases that you would like to cover during the negotiation. Four is a good number because you can keep 4 headings in mind. If you are sure you need more than 4 then use 4 main headings and use headings. **Now take a postcard-size piece of paper - A6 – and write P (for purpose) on it. Next to P write one key word which will remind you of your purpose. In the example of the Cancelled Contract you might put "FINAL" OR "SETTLEMENT".**

Beneath this, put P (for plan) and under this put 4 key words to remind you of your plan. For example:

P : FINAL
P: REASONS P
OTHER ASPECTS?
SETTLE

As you prepare for PAPER, try this approach using the paper you have been supplied with.

Team Preparation



2.3 Team Preparation

Two or more people forming a negotiation team must work together to decide how to operate during the negotiation. With some modifications the A4/A5/A6 approach can be used as a framework for preparation for team negotiating. This time the first stage is one of creative brainstorming where aim is to collect ideas first on the subject matter and then on the other party.

Ideas must be allowed to flow freely even if some of them seem irrelevant. A flip chart may be used instead of A4.

You should follow this by a period of analysis where you should discuss:

- 1. What your basic objective is. Try and spell this out in not more than 15 words so that all the team members are fully aware of it.**
- 2. What targets you are setting for the present phase, if the negotiation will be a long one.**
- 3. What sort of people are the other party? What type of culture do they come from and do you have any knowledge of the way they negotiate.**
- 4. Division of roles within your team according to members' different strengths.**

Now proceed to the A5 stage using a flipchart if necessary, thinking through purpose and plan. At the ends of the A5 stage delegate responsibility for preparing any particular statements.

Finally the A6 stage.

This opening note has set out the A4/A5/A6 approach to negotiation with suggested variations and extension of that procedure for team negotiations. Try the system out to see how you wish to adapt it to your own personality and situation.

Further variations are suggested in the next module.

Review of
Module 2

Review of Module 2

In the second module, we were concerned with finding out where each party stands with identifying the issues each party wants to develop in order to reach agreement.

We looked at **EXPLORATION**, the process of finding out broadly what each party wants out of the negotiation, what constraints may apply and what general issues the parties would like to address in the negotiation. Then we looked at **BIDDING**, when each party makes its position clear on each of the issues under discussion. We looked at how to formulate an opening bid, how to present the bid and how to respond to any bid made by the other party.

Let us now review these ideas in detail.

Chapter 3: The Phases of a Negotiation

The development of the subject matter takes place in four phases.

These phases are:

- | | |
|-------------|---------------|
| Exploration | ♦ Exploration |
| Bidding | ♦ Bidding |
| Bargaining | ♦ Bargaining |
| Settling | ♦ Settling |

The distinction between these four phases is blurred in reality. Many negotiations proceed with the participants jumping back and forth between the phases.

However, if you can aim to take them as separate phases, you have a much higher chance of controlling the negotiation.

The start of each phase leads to a surge in energy amongst the participants. Each start of phase represents a critical moment in the negotiation. Figure 3.1 illustrates how the Time and Energy pattern relates to the four phases of a negotiation.

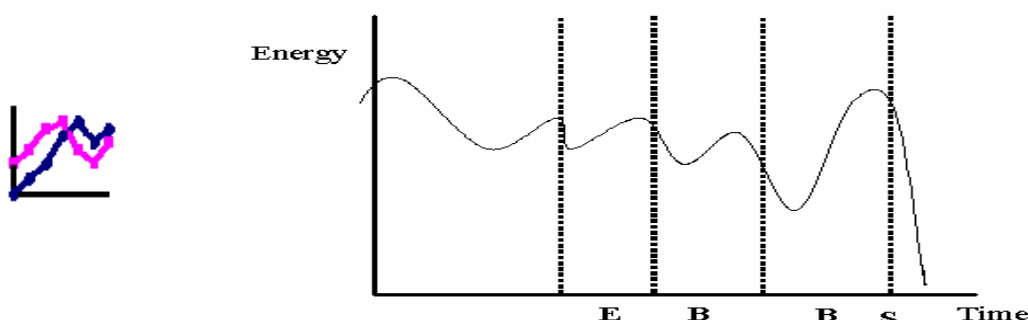
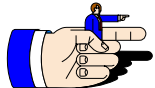


Figure 3.1: Phases of a negotiation

In this module we look at the two phases in the negotiation: Exploration and Bidding.

We will treat Exploration in four stages: Starting position, Creative possibilities, Principles and Skills.

Exploration –
Starting
Position



3.1 Exploration – Starting Position

Why do we explore? The answer to this is that we explore for the same reason that we assess any task before undertaking it. At the outset of a negotiation we know nothing about the other party's perspective and they know nothing about ours. Without exploration we

could waste hours, for example, finding out that we actually agree totally on an issue.

When two parties meet to negotiate, they start with their own perspectives on the issue under negotiation and with certain wariness towards each other. If they follow the principles of this course, they will start to move together at once by establishing a good climate and then by agreeing on procedure. Their next step is to explore the issue facing them not in an antagonistic manner, but rather together.

The objective of both parties during the first part of exploration is to fully understand the position of the other party in order that they may both move on to look for ways of reaching agreement.

At the start of exploration, there will be a number of things which one party perceives about the issue under discussion. There will also be things which neither party perceives yet. This situation is illustrated in Figure 3.2. We both see the part where the lines overlap and neither of us see the area bounded by the lines.

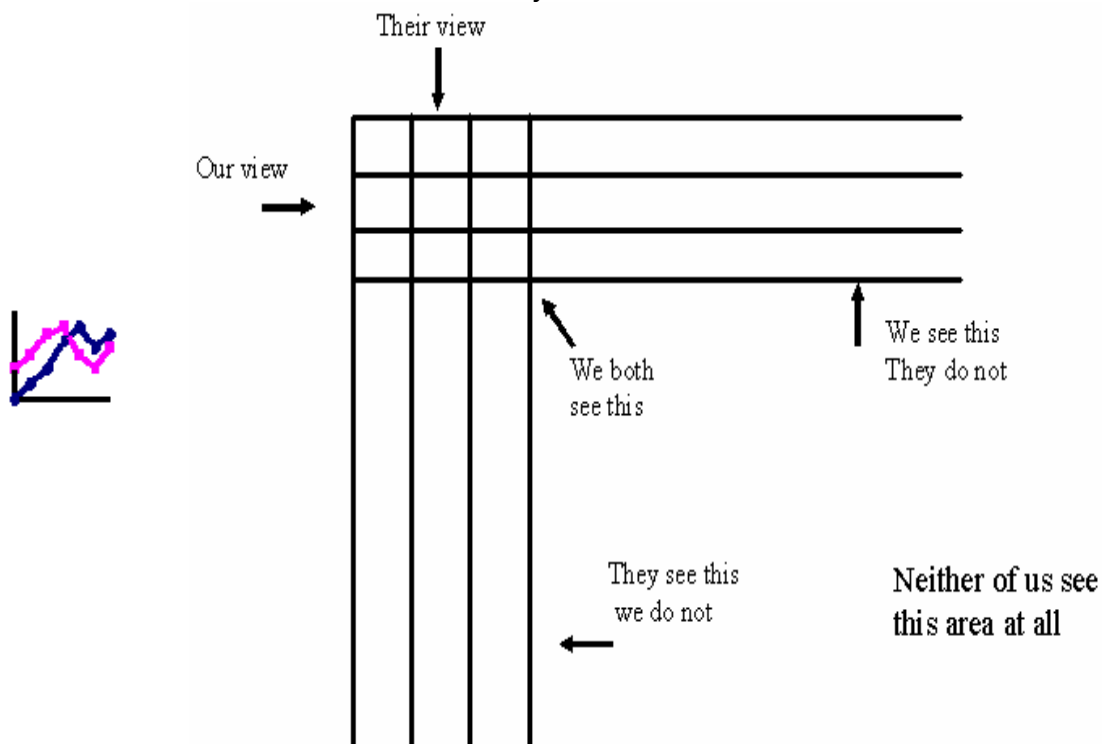


Figure 3.2: Exploration – Starting Position

Exploration is a cooperative phase in which each party strives to show the other as much as possible of what he or she sees.

The approach is to listen carefully while the other party tells you his position as fully as he can. You avoid attacking any of his statements. You ask questions to clarify what he is saying but you do not demand justification. When you have listened and

clarified your understanding, restate his position in your own words to verify that you do indeed fully understand his position.

Only when you have fully heard him out and clarified what you have heard and have got his agreement that your restatement of his view is correct do you respond. You respond by starting your own position. Not in response to his, but as if you had not yet met him. State your position as an INDEPENDENT fact. Do not correct his view. Help him to understand exactly what your position is. Of course, it may be that you start and he responds, but the approach is the same. At the end of this exchange, you each understand a lot more about the overall position. You are in a position to move on; however, it is important to AGREE on where you now stand. Do this by emphasising any points of AGREEMENT which have arisen during the exploration. Bring these out as positive points and celebrate the fact that you are on the way to overall agreement. Now state points of difference. Do not worry about them. Just define them and get them into the open. AGREE that these are the differences between you and AGREE to explore them further later.

You are now in a position to move on to discussing CREATIVE POSSIBILITIES. Unfortunately, most negotiators who have not been through a programme like this one adopt a very different approach to the first stage negotiation. We call it the "Chip-Away" approach.

The "Chip-Away" approach arises from the mistaken belief that if you allow the other party to say something and you do not challenge it, you will have to concede on that point. In the "Chip-Away" approach you chip away at the other party's statements. So, for example, when the other party says he wants 10,000 you say, "That is ridiculous! How do you justify asking 10?" The moment you start to do this, DISAGREEMENT sets in. The other party digs in and you are at war.

The whole essence of Constructive Negotiation is that you do not DISAGREE. You proceed through a series of AGREEMENTS to a final AGREEMENT.

The problem with the "Chip-Away" approach is that it breaks the whole collaborative climate of the negotiation. It also leads to getting stuck on the first aspect of the subject to be discussed.

Do not Chip Away! Explore!

3.1.1 Exploration – Creative Possibilities

If you have carried out the first stage of your exploration well, you and the other party now have an agreed view on where you are in agreement and where you have differences. You also know what those differences are in specific terms.

Exploration –
Creative
Possibilities



It is now time to explore the creative possibilities for working together. We are not talking about making concessions. We are talking about investigating new ways of looking at the subject matter which we both find satisfactory.

The first step is to find those issues which both parties would like to discuss. These issues should be identified in general terms. For example, one party might want to discuss methods of payment, delivery terms and special modifications. The other may want to discuss some of these plus some ideas of his or her own.

Deliberately avoid delving into any idea. Keep the ideas flowing and get a list down of possible areas for discussion LATER.

The ideas will dry up fairly soon. When they do, AGREE with the other party which ideas you would like to discuss further. Then prioritise these ideas and put them down for discussion.

If all has gone well, you and the other party now have AGREED a number of ideas which you wish to develop in order to find an overall agreement. You are now ready to discuss these ideas in the phases of Bidding, Bargaining and Settling. Before we go on to look at these phases, we need to review the principles of Exploration and talk about the skills involved.

Exploration – Principles



3.1.2 Exploration – Principles

There are four main principles to be observed during the exploration phases of a negotiation. They are:

- ♦ **Be positive**
- ♦ **Take a helicopter view**
- ♦ **Establish Common Goals**
- ♦ **Be open**

By being positive we mean emphasise the collaborative nature of the discussion and seek AGREEMENT. Do not be negative or aggressive. *Comment on the goodwill existing between the parties. Look for positive points to make. Where the exploration reveals a difference, state it as a challenge you both have to overcome, not as an unreasonable demand by the other party. Taking a helicopter view means operating above the level of scraps and problems and the difficulties we are in now. Raise above all that and emphasise the long-term interests of both parties working together. Try to establish common goals. Look for areas which are in the common interest and try establishing them in such a way that all the difficulties will be confronted together and not antagonistically.*

The last principle is openness. *Be open and truthful in stating your position and exploring the other party's position. That is not to say you have to tell the other party all about your cost structure, or that you*

have been told to get a deal at any cost! It does mean being open and honest about what you do say. Do not lie or bluff. And, if you do not want to tell the other party something, tell them you don't – openly!

Exploration –
Skills



3.1.3 Exploration – Skills

There are three skills areas important in Exploration:

- ◆ Preparation
- ◆ Presentation
- ◆ Listening

In module 2 you were given some reading material on Preparation. **This preparation and the preparation you did in terms of establishing the Climate and Procedure in module 1 have a vital impact on the success of the Exploration phase.**

You will need your skill as a presenter. For the exploration phase to work to the advantage of both parties, it is essential that you can put your view across accurately and clearly. Perhaps the most important skill of all in this regard is the skill of listening. Listening is the only way to understand the other party's perspective and if you do not do it, you will not be able to discuss any creative possibilities for reaching agreement.

Exploration is very important. If it is done well, the chances of the parties seeing common ground are greatly increased. The important things to remember are that you must PREPARE in an appropriate way, you must LISTEN well, you must not challenge what the other party says and you must avoid getting involved with any one issue.

Bidding



3.2 Bidding

Bidding is the process by which each of the parties puts forward their offer on each of the issues in the deal. It is important to distinguish the communication that takes place in Bidding from that which takes place during Exploration. There are some similarities.

During Exploration, the parties are concerned with communicating their overall objectives, desires and constraints. In Bidding, on the other hand, the parties make specific proposals in the various areas which they have identified during Exploration.

We will be treating Bidding in three parts: What should you bid? How should you put your bid? And how should you respond to a bid made by the other party?

What Bid?



3.2.1 What Bid?

The party selling something will want the highest possible price for it. Similarly, the party buying will want the lowest possible price. We will talk in terms of the seller and let you turn the argument around for the buyer yourself.

The answer to the question "what bid?" is THE HIGHEST DEFENSIBLE BID.

The first mention of money is very important. It immediately communicates to the other party the sort of deal we are hoping for. Once made, it becomes the top price you will be able to get from a negotiation. Once you have mentioned a figure, you will not be able to go above it; even if it later becomes clear that money is no object to the other party.

There is also a tactical advantage in aiming high. It affects the other party's expectation of the likely settlement area. It has to be as high as you make it in the circumstances but it must be commercially defensible. The other party may ask you to justify it and you must have a credible justification in reserve, even though we counsel you not to volunteer that justification. In deciding how high you can go in the circumstances you must bear in mind where you are. Different cultures have different expectations about negotiations. In many Third World and some advanced countries people expect you to set your opening bid far above where you expect to settle. In Northern Europe, people bid where they expect to settle. Take account of the other party in deciding what is defensible. It is no good telling your auditors that your overheads make their fees unattainable if they know the inside story. Our advice is that if you are in doubt, be completely truthful. Put the bid at which you expect to settle and not depart from it.

How To Present The Bid



3.2.3 How To Present The Bid

Having decided what constitutes the highest defensible bid, the question arises of how to put it.

The rules here are:

Clearly
Firmly
Without justification
Without apology

The bid must be clear and firm to convey confidence. It must be stated completely and not built up to. Do not explain how you arrived at the figure. That is your affair. If you rehearse your thinking (real, or contrived), you invite the other party to challenge you item by item. Of course, the other party may well ask you justify your bid in any case,

but by explaining how you got there voluntarily you are inviting a challenge.

You may well clarify your bid in response to questions or of own volition. *There is an important distinction between clarification and justification. Make sure the other party understands exactly what you are bidding. You do not have to tell him or her why you are bidding at that level.*

How To Respond To A Bid



3.2.4 How to Respond to A Bid

When the other party makes a bid, it is vital that you understand exactly what they have bid. Does the figure mentioned include VAT? What period until delivery are we talking about? And so on.

To make sure you fully understand the bid, ask questions to clarify what you have heard. Do not ask for justification. Avoid any aggression or disagreement. Avoid asking questions starting with "why".

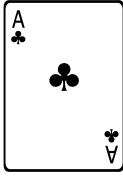
When you believe you understand the other party's bid, restate it in your own words to verify your understanding and then AGREE your understanding with the other party.

When you have understood the bid, make a counter offer. As in Exploration, your counter offer is independent of the other party's offer. Clarify any parts of the offer the other party may not have understood.

When you have made your counter offer, you and the other party can look at the two bids and identify the areas of agreement and the areas of difference. How to bridge any gap there may be is discussed in the next module.

If all has gone well, at the end of the Bidding stage, each party has made a firm offer which is understood by the other party. You are now ready to move on to the bringing together of the parties by bargaining and Settling. As in Exploration, many people respond to a bid by the technique known as "Chipping Away". The party using this approach simply attacks the bid made by the first party without making his or her own position clear. Chipping Away involves challenging the Bidder to justify the bid and attacking each stage of the justification.

This approach puts pressure on the bidder and leads to conflict. The bidder is pulled towards the other party without any clear idea of where he is going. If you do find yourself up against someone trying to chip away at your bid, try not to play that game. Say something like, "Rather than explain how arrived at my figure, could I ask what your figure is. We may not be that far apart". The object of the Bidding phase is to arrive at a stage where each party has made an offer at which he or she is prepared to settle. There will be differences in these positions and the parties must now seek constructively to find some end point which is to their mutual satisfaction.

Bargaining –
The Outset

3.3 Bargaining – The Outset

It is essential to review where, exactly; we are at the outset of the Bargaining phase. We have established a good working climate and we have agreed a Procedure for the Negotiation.

We have stated our respective positions, clarified our understanding of them and have agreed on areas for discussion (Exploration).

We have now made our first Bids. If these have been done well, they will have been presented laterally, i.e., they will cover several issues.

It is very likely that we will want to take a RECESS around this point. A recess would be helpful before putting our first bids and/or after doing so. This is, of course, a matter for your judgment, but we would be surprised if you could undertake any but the simplest of negotiations without a recess to take stock.

Assuming that you are now ready to Bargain, the first step is to make sure you fully understand the Bid facing you. Until now we have advised a totally neutral approach to the other party's statements, concentrating on understanding them only.

Now we advise a more searching response. Check each item of the other party's bid. Ask why they require that particular outcome and ask how important it is to the other party. Ask how flexible the other party is on the issue.

Once again, it is important to be collaborative and not aggressive. You are not challenging his requirements. You are clarifying them and getting a sense of his priorities. Note his answers without comment. If he says that having it Electric Blue is very important to him, accept that and do not tell him that he could surely manage with Pink!

At the end of this phase, you should be able to state to the other party what his bid is and what parts of it are vital to him, without in any way threatening him. You should be able to AGREE on a statement like, "So you are offering a maximum of 6.50 per unit, they must be Electric Blue, you must have at least 50 by next week, but you are not unduly concerned about when the other 500 are delivered, within reason, and you are able to pay straight away so extended credit is not important to you?".

That statement may be miles away from what you would like to hear, but you are in a position to agree on the statement rather than argue about issues.

When the other party examines your bid in the same way, limit your answers to the essentials he asks for.

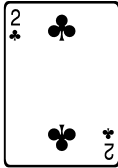
If he asks if you are able to deliver in less than four weeks, tell him "no" if that is your answer and do not start telling him about your other priorities at the plant.

At this stage, ASSESS THE POSITION. If necessary, take a recess to do so. Then agree with the other party what the areas of difference between you are and what the points of overlap are.

This is where you need endless patience! You need to form a judgment based on what you have heard as to whether they have enough flexibility and you have enough flexibility to meet in an area where it will still be to your benefit to do business.

If so, you are ready to start Bargaining.

Bargaining –
The Principles



3.3.1 Bargaining – The Principles

What is bargaining? **Bargaining is the process of offering to change your bid in return for a change in the other party's bid.** Obviously, the hope is that one or other party will eventually make a revised bid which is acceptable to the other party. At this stage they can SETTLE. It is quite possible to bargain without Settling and it is also possible to settle directly without Bargaining. Your initial Bids may be quite acceptable to each other!

Let us assume that Bargaining is required!

The most important principle is to move laterally and not vertically. If you are discussing price, all you can do is argue about it. If you are discussing price, delivery and payment terms, you can trade one against the other to get movement.

The next five principles concern changing your bid.

- 1) Do not offer to change your bid unilaterally.** Make sure the other party makes a corresponding offer to change his or her bid.
- 2) Make sure that the pace of change is similar as between the parties.** For example, if you concede a little ensure that the other party concedes a corresponding amount before moving. Exchange something of minor importance to you for something of major importance to you. Incidentally, this is not the same as adopting a "winning approach". If you can trade something of minor importance to you for something of major importance to you but which is of minor importance to the other party, he has not "lost".
- 3) Help the other party to see each of your concessions as being significant.**
- 4) Aim high.**
- 5) Move at a measured pace towards the likely settlement point.**

This measured pace is very important to avoid losing ground, as shown in Figure 3.2. It may become apparent to you that you are likely to reach agreement midway between your current bid and the other party's current bid.

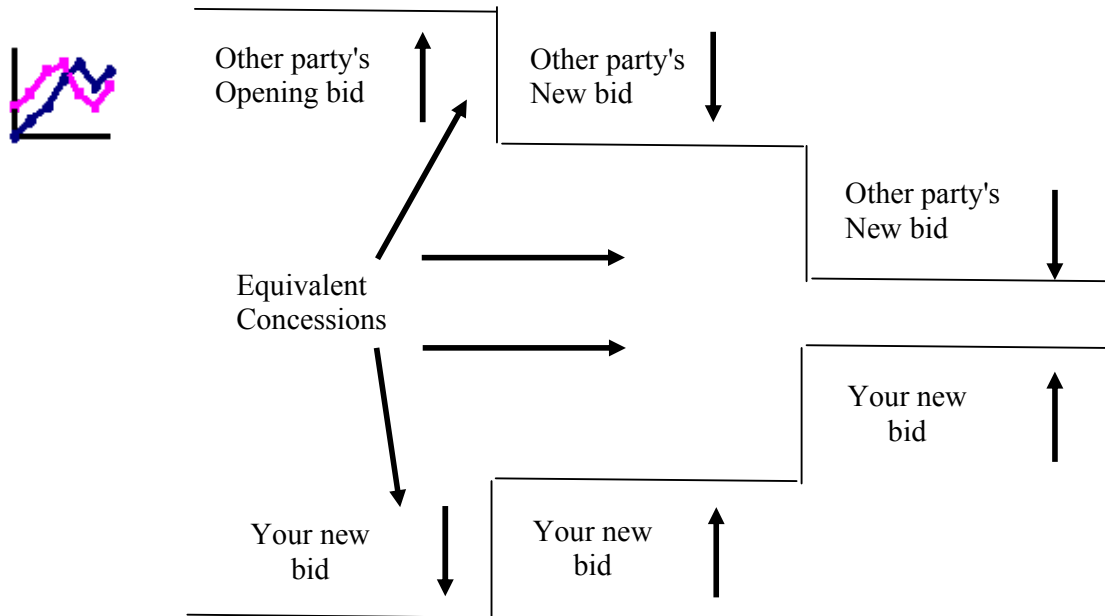
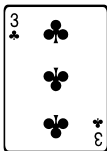


Figure 3.2: Measured pace

If you simply assume that this will happen and offer to settle there the other party may well see the difference between you to have narrowed and try to settle midway between the new offer and his current bid. Hence, even if you think you can see the way things are going, still proceed in careful stages at a measured pace towards where you expect to end up.

Bargaining – The Skills



3.3.2 Bargaining – The Skills

The skills required in the Bargaining phase are similar to those emphasized in earlier parts of the programme. They are: be positive; take a helicopter view; avoid aggression; ask, don't tell; confront issues, not people; prepare; establish common goals; be open; and so on. A few need special emphasis during the Bargaining Phase.

The first is to avoid any loss of face by the party. Be able to defuse any clash. You need this skill to break any impasses which arise. The secret is to keep things fluid. Avoid getting stuck on an issue so that one party has to win and one loses. You do this by knowing when to introduce another issue. For example, you may offer to leave the issue of price for a while and look at something else. When you do return to price, you may both be prepared to move in exchange for movement elsewhere.

The *second* is to avoid any conflict. You do this by focusing on issues rather than people. If conflict arises on an issue, change the issue, or take a break. A break can be very effective and you can use it to re-establish the collaborative climate. You can go for a walk with the other party and get back on the same side by talking about issues totally unconnected with the negotiation. Your holiday plans, for instance.

Thirdly, be objective and reasonable throughout. Never react to a bid or concession in a hostile or incredulous fashion. Keep using your skills to verify what you are hearing and AGREE your interpretation with the other party. If the other party really annoys you, take a break until you are able to be cool and reasonable again. Deflect challenges to your bids and concessions by asking for a counter move.

Fourthly, do not tell the other party what is good for him. Any advantage which a party perceives for himself is a plus. Any advantage he is told about is a minus. If you think you can see an advantage to the other party in some aspect of your bid, ask him if it is of benefit to him. Do not tell him.

Finally, do not bluff. Above all, do not lie or bully. In fact do not say anything you do not mean. It is much better to be open and honest throughout.



3.4 Settling

As the Bargaining phase develops, the positions of the parties will move steadily closer. There will come a time when overall agreement is in sight. The parties are now approaching **SETTLEMENT**, that vital and short phase when they hammer out a final agreement.

The Essence
Of
SETTLEMENT
Is TIMING



3.4.1 The Essence of SETTLEMENT Is TIMING

When agreement is in sight, the energy levels of the parties will rise. This burst of energy will be short lived. If agreement is reached quickly, all will be well. **However, if the parties try to do too much in this phase, energy will collapse again and the negotiation will be in ruins.**

- 1) **DO NOT RUSH INTO IT**
- 2) **DO NOT ATTEMPT TO CRAM TOO MUCH IN**

If you have been negotiating hard on price, delivery and quality and all that now separates you is that your customer wants delivery in 8 months and you want to deliver in 9 months, it is very tempting to cave in to secure agreement. So you say, "All right, 8 months". Don't!

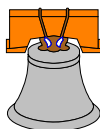
If you have not reached a position with which you are happy, continue to bargain. Certainly do not agree to anything you cannot live with. If you CAN deliver in 8 months, try and settle at 8¹/₂ months. Give the other party the satisfaction of forcing a hard bargain!

When you have agreement available, seize the moment. Grasp the agreement and do not over elaborate.

It is sometimes tempting to use the burst of energy and good will that occurs when agreement is reached to try and add in agreement on some details which have not been properly agreed. This can destroy the agreement and sour the climate. Rather, agree on the overall deal. If there are details to be worked out, agree to resolve them at a later date.

Once you have agreement, SUMMARISE it. Make sure you both understand exactly what you have agreed. Agree any action that must follow from the negotiation. And then part in a friendly way.

Preparation for
Negotiation



3.5 Preparation for Negotiation

This note is to make more specific suggestions about preparation for constructive negotiations, and briefly to comment on preparation for major negotiations involving a long series of meetings. Let us again emphasise the need for effective preparation. The negotiator who wants to control the negotiating process must know how he or she intends to conduct the negotiation. He or she should have clearly defined targets but must also be flexible.

The skills of constructive negotiation include a high ability to listen and to work constructively to forge a business relationship and business friendship with a commercial partner. Being determined to stick to a fixed position destroys that form of negotiation. It blinkers the negotiator's thinking and deadens his awareness of constructive possibilities; it leads quickly to controversial issues and reduces the probability of agreement.

Preparation for
Constructive
Negotiations



3.6 Preparation for Constructive Negotiations

In the notes on preparation in module 2, we suggested the use of the A4/A5/A6 technique.

Now we recommend not 1 x A6 but 3 x A6:

A procedural A6

An opening statement A6

A question A6

The procedural A6 is to the same pattern as described in module 2, but with the addition of a third element. A third P. The Pace or time available.

The procedural
A6 thus
contains 3 Ps:

The procedural A6 thus contains 3 Ps:

P - 1 key word for purpose

P – 4 key words for Plan

P – Time or Pace

The second A6 is for the opening statement which your side will aim to put. This should be positive, containing your view of past and prospective relationships with the other party, some sense of a range of possibilities, points which establish the level of your interest in matters of mutual interest.

Do not at this stage go into specific figures and other controversial issues. These have to be worked out gradually. Make a note elsewhere (see below) of any particular figures which you anticipate needing to propose later on.

The Questions A6:

This should contain 4 key words on matters which you hope the other party will touch on in their opening statement. Questions which can be diplomatically raised by you, if they are not covered in the opening periods.

The combination of your opening statement and that of the other party will form the basis on which you can both build to reach a mutually satisfactory agreement. Premature bidding prevents parties reaching that constructive phase.

Never try short cut the need for 3 separate A6s. Always have them, specially prepared for each meeting, even if they are only kept tucked away in an inside pocket.

For the moment, we are recommending an elaborate process. Try it.

Major
Negotiations



3.7 Major Negotiations

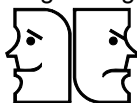
The preparation methods described in this programme so far have been in terms of relatively short negotiations. Further methods are needed if, for example, we are going to be involved in negotiation lasting several months, involving repeated meetings.

In principle, the method we suggest now is first an A4/A5 process, covering the main objectives, strategies, tactics and team selection for the negotiation. Subsequently, successive uses of the A4/A5/A6 approach in advance of each stage.

Delegates with special interest in such major negotiations should consider chapter 17 in Bill Scott's book "The Skills of Negotiating". That chapter deals with "conducting extensive negotiations" under the headings:

1. The preliminaries
2. Conduct of the negotiation
3. After the negotiation

Lateral versus
Vertical
Negotiating



3.8 Lateral versus Vertical Negotiating

Throughout this program we have emphasized the need to advance on a broad front rather than get stuck on individual issues too early.

For example, during the early phases of the negotiation we advised agreeing on overall time constraints and procedures, rather than getting straight down to specific issues.

When exploring, we advised that you do not challenge the individual statements made by the other party, but rather you hear them out and then make a complete statement about all aspects of your position before proceeding.

Whilst generating Creative Possibilities, we advised moving rapidly forward to list the greatest number of areas for possible discussion, rather than exploring each one in detail as soon as it arose.

There are many other examples of this approach which we call "LATERAL NEGOTIATING". Lateral Negotiating is one of the cardinal principles of this programme.

In Lateral Negotiation, we proceed across a board front, starting with a policy agreement, for example.

We then go into more detail across the board until we reach overall agreement. It is a Grand Strategy and enables us to see the overall picture at all times.

Vertical Negotiation, on the other hand, involves seizing on an issue and battling away until a final agreement on that one issue is reached. Only then do you move on to the next issue. This makes trading one issue against another almost impossible. The negotiation turns into a series of confrontations as each issue is raised.

Adopting a Lateral approach is important at all stages of a negotiation. It is particularly important in both the Bidding and bargaining stages. Bidding and Bargaining are deistic processes but they tend to cycle and recycle round each other.

A Bid is followed by Bargaining and this leads to new Bids. It is vital that the lateral approach is followed all the time during this process to ensure that all the variable factors in a negotiation can be brought into play.

Procedural
Control



3.8.1 Procedural Control

Procedural Control governs in the EFFICIENCY of a negotiation. It is possible for the parties to blunder about, neither of them sure of how the other wants to tackle the discussion. It is possible to dodge haphazardly amongst the phases which we have identified during this programme. It is even possible still to come to an agreement.

It is possible but it is not efficient. It reduces the chance of finding a constructive agreement. The human mind can tolerate and work with a limited amount of uncertainty.

It becomes ineffective when there is too much uncertainty and there is no need to complicate the inevitable haze about the subject matter with further haziness about procedure.

The best approach is to follow the advice given in module 1 and establish your Purpose, Plan and Pace at the outset.

Then you must ensure that you follow your plan or. At least, revise it by mutual agreement and follow the new plan.

The key steps to exercising control in subsequent steps of the negotiation are:

- Check Progress
- Summarise Agreement
- Check the time
- Agree what next

The effect of doing this will be:

- 1) To raise energy levels
- 2) To keep things moving forward
- 3) To help participants see where they are

When you summarise agreement, you are emphasising the positive. If you are stuck on one issue and the whole thing looks like collapsing, remind yourself and the other party that you are 80% of the way home gives a great boost to everyone's determination to resolve the problem issue. When you check progress, if it is apparent that you have not moved on from last time, you may decide to move to another issue, or take a break. In other words, realising that you are stuck may be sufficient to make you take action to get unstuck. Alternatively, if you have moved on, even a little, all participants will realise that progress is being made and that it is worth putting more effort into going forward.

Checking time has the effect of boosting energy levels slightly and encouraging participants to step back and take the helicopter view, rather than risk losing everything because of being bogged down on a comparatively minor point. In the light of your check on the process, you can agree what to do next. This may be to continue as you are, but it may be to move on to a new area. Keeping control of the process of the negotiation is so important that it is worth appointing one of your team to monitor it. If you are negotiating alone, you must still be very aware of the process and prepared to exercise control. Such control needs to be exercised every fifteen minutes or so.

Climate Control



3.8.2 Climate Control

Settlement is reached by steering the negotiation steadily towards it. However, settlement is only likely to be reached when there is goodwill between the parties. The most skilful procedural control will avail you naught if the other party has decided you are nasty piece of work to be beaten into the ground or disagreed with. As we said in module 1, the first few moments are more important in establishing the climate of a negotiation than anything you do in the middle.

Nonetheless, people get tired during the negotiation and can feel under considerable stress, it is very important that the friendly and collaborative atmosphere is not allowed to deteriorate. The atmosphere is maintained by using the skills in this programme. Make counter statements rather than challenge. Be polite. Question rather than tell. Confront issues not people. There are steps you can take to improve a climate which is deteriorating despite all these factors. Humour, a little light relief, or leaving the subject entirely for a short time can restore a flagging climate. A bit of refreshment can make a difference. Coffee or water can help a lot. By all means break if problems are arising. This is not quite the same as a recess, in which you consider your positions separately. In a break, you may well stay together, but talk about something quite unconnected with the subject under negotiation. If the weather permits, a walk together may help considerably. In a long negotiation, a swim, game of golf or dinner together can restore the climate. It is a good idea to schedule in breaks during a negotiation when you are at the planning stage. People look forward to them and their energy therefore remains high. However you do it, it is as important to maintain a constructive climate as it to control the procedure.



Summary

3.9 Summary

Use the A4/A5/A6 approach. Adapt this for more constructive negotiation to 3 X A6: i.e., Procedural; Opening Statement; Questions.

Practice and develop your expertise in using this approach before trying any short cuts. More elaborate preparation is needed for longer negotiations.

Concentrate on developing your approach for constructive negotiations.

Review of
Module3

3.10 Review of Module 3

In the third module, we looked at the processes of **BARGAINING** and **SETTLING**.

In previous modules, we reached the stage at which the parties agreed the issues for discussion and knew much more about each other's position than they did at the outset.

Now they have to move to an agreement.

We looked at two different approaches to negotiation: lateral and vertical.

We looked at BARGAINING in terms of WHEN to bargain, the PRINCIPLES of bargaining and the SKILLS you need to apply during bargaining.

We looked at SETTLING, the point at which agreement is reached.

Here we were concerned with the timing of a settlement and what to do and not to do during this bargaining.

Finally, we looked at **CONTROLLING THE CLIMATE AND PROCEDURE**.

Chapter 4: Tactics

Definition of
Negotiation



There is a great deal written about tactics. Indeed, some books supposedly about Negotiating are little more than cook books of different tactics. **Tactics fall into two classes:**

First, *there are those whose purpose is to compel your "opponent" to concede to you all that you require, regardless of any harm it may do him. These include looking for pressure points in his case, leverage, not telling him where the loo is and Blackmail!*

Secondly, *there are constructive tactics intended to enable both parties to move forward to an agreement of mutual benefit.*

This programme is only concerned with the second class of tactics.

The first positive tactic we are going to discuss is THE RECESS.

A negotiation is a very demanding thing. Participants are trying to understand what others are saying, trying to work out the possible impact on their business, trying to decide what their response should be, trying to keep control of the climate and procedure and having emotional reactions, all at the same time! They are doing all this in a situation which is changing minute by minute and they may well be subject to all sorts of external pressures, such as the need to get back in time for an urgent meeting, and so on.

It is little wonder, therefore, that people should feel the need to stop and take stock at various stages during the negotiation. What is surprising is that so many negotiators keep going until they can hardly remember what they are discussing at all!

A most useful and desirable tactic, from both party's point view, is THE RECESS.

The recess is different to a break. During a break, everything stops and the objectives are to recover personally, and perhaps, to re-establish the climate. In a recess, both parties move out of the negotiating room in order to consider the progress of the negotiation, to reconsider their own position and to decide what they would like to do next. It is very rare for either party to object to a recess. Usually everyone jumps at the idea.

When should you call for a recess? The answer is whenever you want to. This will usually be:

- *At the end of a phase in the negotiation*
- *Before identifying issues*
- *When nearing an impasse*
- *When you feel the need to talk to other members of the team*
- *When your own thinking is stuck in a trough*

How Do You
Get A Recess?



4.1 How Do You Get A Recess?

1. **State the need for one.** E.g. "I think it would help our joint progress if we took a short recess now."
2. **Summarise and look forward.** "We're seeking to find ways to agree on the price/discount issues, and I suggest that we both look to see if we can see new ways of coping..."
3. **Agree duration** – "Would 15 minutes be agreeable?"
4. **Avoid fresh issues** – if others want to insert anything further, ask them to wait until after the recess. Don't go beyond the brief spurt of energy with which people respond to the prospect of a recess.

During the recess, the main items for consideration by our party will be obvious; discussions about how to handle the next stage, calculations on matters we have been discussing, reviews of our team's performance, or fresh plans for the rest of the negotiation. But, at the same time, we need to remember and to prepare for the re-opening of the negotiations, considering plan and Re-opening statement. Ideally, with new initiatives towards agreement.

After the recess, we need to re-open the negotiation with a mini version of the steps we took to open the negotiation:

- a. **A few moments of ice-braking, as we again attune to the situation.**
- b. **Restate agreed progress on agreed plan.**
- c. **Confirm rest of agreed plan or suggest/agree changes to it.**
- d. **Re-opening statements, defining positions and interests as they are now perceived; and paying the way to further creative development.**

It is very important to be positive about taking a recess. Once the idea is mentioned, energy levels rise in anticipation. If the recess does not then happen at once, everyone slips into lethargy. It is most unwise to respond to a request for a recess by saying something like, "Can we just get the issue of quality out of the way, first?" Everyone will then go to sleep until you finish talking about quality and then amble out to their recess!

The next positive tactic we recommend is the "Golf Club".

This applies to team negotiations. It sometimes happens that matters near an impasse when members of a team get stuck in fixed positions. For example, the financial members of two teams may get locked into their respective positions. The Quality Control members may get locked into theirs, and so on. It now becomes very difficult for either set of delegates to move from their highly defended positions and the atmosphere of the room becomes charged.

In this situation, it may make sense for the leaders of the teams to go off where they can relax and be alone for an open and frank discussion. This may well be the Golf Club.

The actual venue is not important. What matters is the atmosphere. The purpose of such a break is to enable the leaders to re-establish a collaborative climate and to review progress laterally. They can make concessions without having to show their colleagues up as being wrong. For example, one might say, "I know Bill said that we could not move on price, and of course he is right. However, I do have a proposal in front of the Board at the moment which he does not yet know about, which might enable me to give a little here if you can come nearer to us on..." and so on.

There is a danger with the "Golf Club". It can threaten Team Maintenance. It may appear to the teams that it does not matter what they do, since the leaders will carve it all up in the Sauna, or wherever.

To avoid this, it is essential to keep your own team fully briefed about what you are doing.

Before you reconvene the negotiation, you must brief your team on the outcome of your meeting and fully explain any concessions you may have made.

The "Golf Club" is not an alternative to Teamwork.

It is an aid to it when things get tough.

It is unlikely that anyone would use this tactic more than once in a single negotiation.

Personal Impact



4.2 Personal Impact

The behaviour of people in the negotiation has a large impact on the outcome.

We have talked in earlier modules about the need to be co-

operative, to seek agreement rather than conflict and so on.

It is worth emphasising once more, because it is so important, that LISTENING is a key skill and a key attribute of successful behaviour. You should LISTEN. You should CLARIFY and you should QUESTION. These are as opposed to Telling, Presenting, Demanding and so on.

Non-verbal behaviour is very important.

What people see has much more impact than what they hear. If you say co-operative things, you must look as though you mean them. If you say how much you appreciate meeting the other party, and how excited you are about the possibility of working with them, and if you look bored out of your skull, the other party will perceive that you are not particularly interested in the outcome of the negotiation.

Teamwork



4.3 Teamwork

Teamwork is a major subject and much of it is beyond the scope of this programme. *If you are regularly going to negotiation as the leader of a team, you should consider studying leadership as a subject in its own right. You should, in any case, not lose sight of the fact that your team will have needs of its own in terms of the need to maintain coherence and purpose, and that individual members of your team will have needs of their own. All of this is in addition to the needs of the task facing the team to reach a settlement with the other team.*

For now, we will assume that the issues of team selection, team balance and so on have been resolved and that you are part of a team which is participating in a negotiation.

The most important rule is always to support other members of the team.

It sometimes happens that you cannot understand what another member of your team is trying to do. In this circumstance, ask for a recess, so that the team can get onto the same track. If a team member seems to be going off in a different direction, do not challenge him or her in the negotiating forum. Recess to find out what they are up to.

Remember that non-verbal support is very important. If one team member says that agreement looks near, nod enthusiastically. Look worried when a team member says that it would be a real problem to move on a particular issue. And above all, do not look surprised or exasperated when a team member says something you would not have said. Make sure that the respective roles and

responsibilities of team members are clearly understandable. Do not take it for granted. Agree clearly before meeting the other team. Even if an accountant and an engineer are acting together, do not assume that the one will handle the financial issues and the other the technical ones. Discuss beforehand who will do what. As we said in module 3, it is a good idea, when working as a team, to make one member of the team responsible for procedural issues checking progress, reminding everyone about time and so on.

Finally, because of the dynamics of a negotiation, it is unlikely that a team of more than four people will be very effective. Four is about the maximum that a leader can manage. If more expertise is needed than can be accommodated in four heads, the wise approach is to bring in extra people to advise the team members, without actually giving them a speaking role in the negotiation.

Danger Signals



4.4 Danger Signals

Throughout this programme, we have been advising a collaborative approach aimed at reaching a "win-win" agreement. Most people will respond well to this approach.

Most people conducting negotiations have had NO TRAINING AT ALL in negotiating. You, therefore, have head start over 80% of the parties you are likely to negotiate with. One consequence of this is that most parties will approach a negotiation with considerable apprehension and will be expecting aggression. They may appear to be furtive and aggressive themselves. In this situation, you will be able to take charge easily and steer them along the route advised in this programme. They will be only too pleased to co-operate and discover you are not the ogre they feared.

In a few, a very few cases, you will encounter a tough negotiator who is out to win at any cost.

This person will eat you up if you are honest with him or her. Such a person sees attempts to co-operate as weakness.

The first thing you need to be able to do is to recognise this kind of person and differentiate between this approach and the merely inept.

There are three danger signals to watch out for.

The first occurs during the icebreaking phase at the beginning of a negotiation. We have advised you to stay neutral during this phase and concentrate on the climate. The aggressive negotiator will use this phase to probe for your weaknesses.

He will be looking for things he can use against you later on.

For example, he may say something like, "How is business – OK? (Mental note: not much leverage there) – and are you still having the same difficulties about the quality of your suppliers? – You are? (Got him!) – And deliveries? (Maybe they are short of business, after all)" and so on.

He may even be looking for personal weaknesses, "You remember that night we had out together in Hamburg? Bet you haven't told Betty about that, eh!"

Now, the untrained negotiator may think it is professional to get straight down to discussing business. The fact that the other party starts this way does not of itself mean that he or she is being aggressive. The way to handle this is to deflect the other party into neutral ground, "Yes, I'll tell you all about our business. I'd like to hear about yours, too. Let me take your coat. Coffee? How were you journey?" and so on.

The less experienced negotiator will be happy to follow your lead. If you find you are unable to steer the other party into an icebreaking phase and subsequently to discuss procedure, you have a danger signal.

The second stage at which you can check the approach of the other party is during the discussion of procedure. If the other party is concerned mainly to agree with you on procedure, then you have a green light. He or she may, of course, have a different view to yours about procedure, but the way in which he or she defines and asserts that view is what gives you the clue about the colour of the light. Extreme determination to assert his own viewpoint is clearly a red light. You have now seen lights at the icebreaking and procedural stages. If they appear red, ask the other party to make an opening statement. If you get a blast of aggression, you can be pretty sure you are up against a tough, competitive, "win-lose" negotiator.

This programme deals with constructive negotiating. **You must now make a judgement as to whether your approach is going to be able to help you and the aggressive party reach an agreement acceptable to you. It is a good idea to take a break to consider your position.** Since you are up against aggression, you will have to assert yourself here. You may simply say, "Excuse me a minute. I shan't be long" and disappear.

You must then decide whether you want to do business with this person. If you do not have to, you may well decide to set out your ideal position and offer it to him on a take it or leave it basis. He will leave it and you can invite a more acceptable party to negotiate. If you do decide to fight, or if you have no choice, prepare your bids

again, psyche yourself up for tough bargaining and go back in!
Bear in mind, though, that there are very few genuinely unreasonable people around.

Progress
Review



4.5 Progress Review

In Module 5, you will have the chance to review what you have learnt in the course of this programme. You will also have the chance to assess your current profile as a negotiator and to plan your development over the next three months and in the longer term.

It seems sensible to review the points covered in the programme so far before starting the final module. Figure 4.1 shows the framework we have developed.

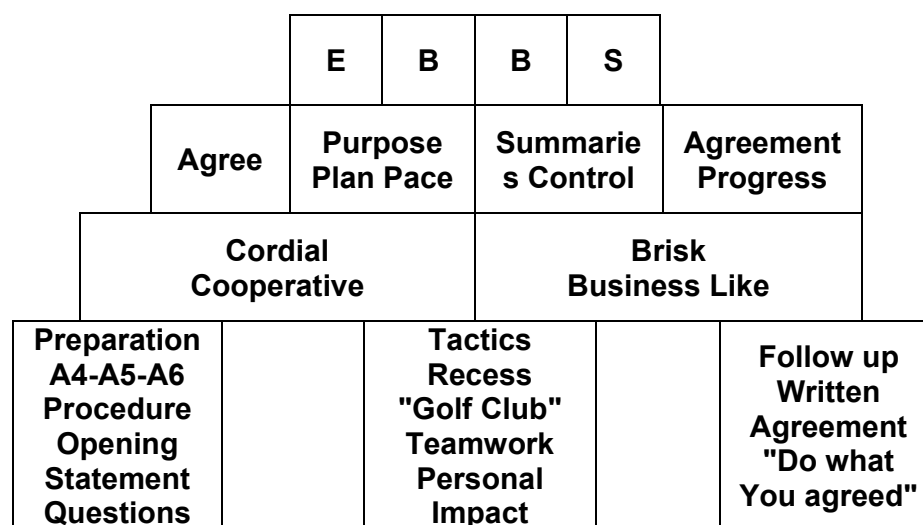


Figure 4.1: Developed framework

The subject matter proceeds through the stages of **EXPLORATION, BIDDING, BARGAINING and SETTLING.**

Throughout these stages, certain skills and principles are applied.

These include **LATERAL APPROACH, SEEKING AGREEMENT, ASKING QUESTIONS, CLARIFYING, MAINTAINING A CONSTRUCTIVE CLIMATE, and CONTROLLING THE PROCESS AND SUPPORTING YOUR TEAM.** The procedure involves agreeing your **PURPOSE, PLAN and PACE** at the outset. As the negotiation proceeds, you should check on procedure every 15 minutes or so. A check involves **SUMMARISING PROGRESS, EMPHASISING AGREEMENT and AGREEING WHAT NEXT.** Procedure is the key to reaching a settlement. You use

procedural control to STEER TOWARDS AGREEMENT.

The climate IS DECISIVE. To maximise the chances of success, the climate should be CONTROL, CO-OPERATIVE, BRISK and BUSINESSLIKE. In addition to establishing it at the beginning, it must be maintained throughout.

Figure 4.2 shows how energy varies as the negotiation proceeds.

Energy is at peak at the outset and what happens here has more impact than what happens anywhere else. Energy rises in expectation of a settlement or of a break. Do not cheat participants of their expectations at these points or their energy will collapse.

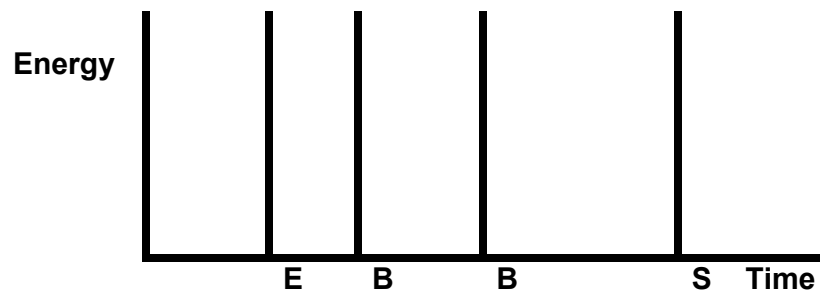


Figure 4.2: Energy variation through negotiation

The philosophy of CONSTRUCTIVE NEGOTIATING is that parties search TOGETHER for a deal which is of benefit TO BOTH OF THEM. They are on the same side against the issues. Enjoy the rest of the program. We wish you many enjoyable and fruitful negotiations.

Chapter 5: Case Study Brief

The Cancelled
Contract



Brief for Sellinco



5.1 The Cancelled Contract

5.1.1 Brief for Sellinco

You are about to have a meeting with representatives of Buyinco.

The purpose is to agree terms to settle their cancellation of an order.

The order was for

"Design, manufacture and installation of special electronic press; 6-month delivery; price £150,000; payment within 14 days of installation."

They cancelled the order three weeks ago, which was just three months after placing the order. There is no contractual arrangement about cancellation fees. At the time of cancellation, you had completed all the designing and drawing of modifications to your standard electronic press; and, fortunately, it had proved possible to design the order without having to buy special components from outside.

You had reserved production facilities to start on the following Monday, and your works staff has had to switch this production to standard presses. They are less profitable.

The structure of your costs is based on having to invest very heavily in research and development: your R & D budget is 22% of total turnover.

A great deal of development was needed for your range of electronic presses.

The information you have from your accounts department is that the estimates for this contact were built up as follows:

Direct costs:	Design	£ 19,000
	Labor & materials	£ 28,000
	Installation	£ 3,000
	Subtotal	£ 50,000
	Contribution to overheads and profits	£100,000
	Total	£150,000

Brief for Sellinco
continued



5.1.2 Brief for Sellinco continued

When your Buyinco contact rang you to cancel the order, you kept calm but insisted that there would have to be a cancellation fee. You agreed to meet; and he asked you what the fee would be. You remember saying something like – "Well, it'll need looking into, but I'd guess something like £60,000 or so".

Buyinco are important customers and you get a lot of prestige from being known as suppliers to them.

Your task is to negotiate with them and to recommend a settlement to your board of directors.

Brief for Buyinco



5.2 Brief for Buyinco

You are about to have a meeting with representatives of Sellinco.

The purpose is to agree terms to settle their cancellation of an order.

The order was for

"Design, manufacture and installation of special electronic press; 6-month delivery; price £150,000; payment within 14 days of installation."

You have cancelled the order because of changing trade conditions.

You notified Sellinco of the cancellation three weeks ago, which was just three months after placing the order.

You apologised at that time for inconvenience caused, and agreed that some cancellation fee would have to be paid. When you had probed about this, you found that they had not started to make the press; but your contact hinted that the cancellation fee they would expect might be about £60,000.

There is no contractual arrangement about cancellation fees, but you are interested in sustaining the goodwill of Sellinco.

They have many competitors, but they have produced special items of equipment for you on several occasions in recent years, and have proved themselves to be good suppliers.

You have asked your Chief Engineer for guidance on the prospective costs, and he has replied:

"An order of this sort does not call for any great skill in fabrication, but does need a lot of design expertise."

"I would have wanted a budget of at least £ 15,000 to do the design work, and I imagine that they will also have order (and will need to cancel) some special components. I cannot guess at the proportion of specials."

"I would expect them to have high overheads in their cost-structure."

Your task is to negotiate with Sellinco representatives and to recommend a settlement to your board of directors.

Chapter 6: Self Assessment Tests



Self-Assessment Test 6. 1

1. You want to sell your yacht and you know that you would be very fortunate to get as much as £50,000 for it. While you are considering placing the advertisement, a keen yachtsman approaches you and offers £65,000 in cash immediately for your boat. Do you:

- a) Accept his offer without further ado?
- b) Tell him to wait until the boat is advertised?
- c) Haggle?

2. You are in the market for a yacht and have taken a fancy to the 'Isabella' which is advertised at £50,000. The most that you can raise is £43,000 from selling your own boat and borrowing from the bank. You meet the owner in the clubhouse and casually tell him of your (strong) interest. You mention that you could raise £43,000. He agrees to sell you the 'Isabella' for that sum. Is this:

- a) An offer you can't refuse?
- b) A lousy situation?
- c) An occasion to celebrate your bargain?



Self-Assessment Test 6. 2

1. You are in dispute with a supplier over items he has charged you in his monthly account which, in your firm opinion, were delivered in a faulty condition. Do you:

- a) Stall on payment of the total amount?
- b) Stall only the amount in dispute?
- c) Offer to compromise?

2. Your office is due for a rent review and you expect the landlord demand an increase of 20 per cent. Do you:

- a) Make a 'reasonable' offer of 10 per cent?
- b) Demand a rent reduction?
- c) Offer to go to arbitration?
- d) Itemise all the defects that you want rectified?

3. You are managing a civil project for the Saudis, who have imposed a time-delay penalty clause on you. A subcontractor has missed a delivery of important machinery. Planned start-up times may not be met. Do you:

- a) Check through the supply contract to discover his liability?
- b) Ask the site agent to list all the failures associated with the defaulting contractor since the job began and telex their head office with your complaints?

- c) Telephone their managing director and threaten to sue him for any penalty costs imposed on you by the Saudis?
- d) Arrange an immediate meeting with the contractor to put into operation an alternative delivery programme that your own engineers have drawn up?



Self-assessment Test 6. 3

1. You run a courier business and one of your vehicles breaks its big-end just before a busy weekend. A friend has a spare van and agrees to loan it to you until your own vehicle is back on the road. He asks you to sign a receipt that reads: 'One vehicle, £100, one week's rental'. Do you:
 - a) Sign as asked?
 - b) Insist on a properly drawn up legal contract?
 - c) Tell him a receipt is not necessary between friends?
 - d) Ask for more details?
2. You are a manufacturer of engine parts and have been granted an interview, after many last-minute cancellations, with the boss of Europe's largest car firm who insists that you meet him at terminal 3, Heathrow, a few minutes before he flies off to Australia. This is your big chance! While walking towards Passport Control, he opens with a demand for your 'best price' for a six month's contract to supply fuel-injection pumps. Do you:
 - a) Show him what you can do by quoting the lowest price you can in order to get your foot in the door?
 - b) Go in slightly above your lowest price?
 - c) Go in high to leave yourself room to negotiate?
 - d) Wish him a pleasant flight.



Self-Assessment Test 6. 4

1. You are looking at a car in a showroom and it is priced at £5,000. You decide to buy. Do you:
 - a) Ask what is included in the sale price?
 - b) Offer them £4,500?
 - c) Tell them you'll think about it?
2. You are management consultant and receive a telex from Sydney asking to quote for a sales seminar for the Chamber of Commerce. Do you reply?
 - a) How many and who is to be there?
 - b) Tell them that your standard daily fee is £700 a day plus expenses?
 - c) Ask for £1,000 for the seminar plus expenses and £250 per day for travel?

3. If after two weeks you have not heard from Sydney. Do you:
 - a) Telephone or telex them asking for information?
 - b) Wait?
4. Suppose they reply to a request for £700 a day plus expenses that you are asking too much for the fee, though they agree to meet your expenses. Do you telex back and:
 - a) Reduce your price because you want to go on an expenses-paid trip to Sydney?
 - b) Confirm your price but offer to travel Economy?
 - c) Confirm your price but assure them you are worth it?



Self-Assessment Test 6. 5

1. You are negotiating with a video publisher in New York who has offered to market your series on management education. They offer you an advance against royalties of \$50,000 - \$25,000 on signature of contract and \$25,000 on delivery of the video tapes. They rejected your demand for \$60,000 split, similarly. Do you:
 - a) Accept their offer?
 - b) Tell them it is not good enough?
 - c) Offer them a repackaged proposal?
 - d) Walk out?
2. The buyer for a large chemical company responds to your price for naphtha by telling you: 'The competition is very strong and you'll have to do better than that.' Do you:
 - a) Offer to cut your price in exchange for the order?
 - b) Ask him by how much your price is above the others?
 - c) Suggest that he accepts the other offers?
 - d) Ask to see the other offers?
 - e) Ask him what he likes about your proposal?



Self-Assessment Test 6. 6

1. You have decided to replace your word processor with a more powerful model and have been quoted a list price of £15,000 by a supplier. What size of discount do you expect?
 - a) 5%
 - b) None?
 - c) 15%
 - d) 20%
2. You are a copier machine sales representative and make an invited sales call at the local home for unmarried mothers. The social worker in charge indicates that she wants to purchase one of your machines that have a list price of £2,200. However, her budget from the Council fixes an absolute ceiling of £1,775. Do you:
 - a) Regretfully decline to do business?
 - b) Use your pricing discretion and make a sale?
 - c) Suggest that she considers a cheaper model?

**Self-Assessment Test 6. 7**

1. You are quoting for the installation of a heating system in a factory. Do you:
 - a) Give a detailed cost breakdown of every item in the quotation?
 - b) Give a rough breakdown of the costing?
 - c) Avoid giving a cost breakdown, only the total figure?

2. Your spouse complains loudly to you that the old trailer you no longer use is blocking the side-drive of the house and you are required to get rid of it. As the weeks go by the complaints get more strident and eventually you sit down to compose an advertisement to sell it. You think it is worth about £100, given its condition and the likely market for used trailers. What do you say about price in your advertisement?
 - a) £110?
 - b) £125?
 - c) £100 ONO?
 - d) Make me an offer?
 - e) First offer of £100 secures?
 - f) Nothing?

**Self-Assessment Test 6. 8**

1. You are the key accounts negotiator for a soft-drinks firm and have just been told by the chief buyer of the country's largest hypermarket chain that you must cut your prices by a penny a case or they will drop your brand. They sell a million dozen cans of your Cola Pop year. Do you:
 - a) Smile and say 'no'?
 - b) Agree?
 - c) Suggest a compromise?

2. You have been working only three weeks in a new job in a shipping agent in Baltimore and had planned to get married on Friday 18 August (which you did not disclose at the job interview). Your 'intended' has demanded a proper honeymoon vacation of at least a week in Miami. It's now 16 August and you ask your boss for leave both for the wedding day and for the honeymoon. He is visibly put out by the request and asks stiffly how long you were 'thinking of being absent'. Do you say?
 - a) The wedding day only?
 - b) Two weeks?
 - c) Three days?
 - d) One week?

**Self-Assessment Test 6. 9**

1. You are package-tour operator negotiating with a Spanish hotel chain on the terms for next season's bookings. The price they are asking per person per week in their hotels \$9 higher than your current offer. They offer to 'split the difference' 50-50... Do you:
 - a) Suggest, say, 60-40 in your favour?
 - b) Say you can't afford to split the difference?
 - c) Agree to their offer?
 - d) Agree, if it is a 75-25 split in your favour?
2. Do you see negotiating as being about?
 - a) A fair and equal transaction?
 - b) Finding the most acceptable compromise?
 - c) Making a joint decision with the other guy that meets as many of his and as many of your interests as possible?
 - d) Give and take?
3. You are engaged in extremely difficult negotiations with a Lebanese-based construction consortium. After much haggling over finance for a road project, they make a small unilateral concession on their demand for irrevocable lines of credit. Do you:
 - a) Note the concession but otherwise ignore it?
 - b) Reciprocate with a concession of your own?

**Self-Assessment Test 6. 10**

1. You are looking for a job and see an advertisement for out-of-work truck drivers to attend for interview at 2 p.m. Friday at the personnel office of a local haulage company. When you get there at 1.55 p.m. you join a long queue six-deep outside the office. Do you think your chances of getting the job are?
 - a) Diminished?
 - b) Not affected?
 - c) Better?
2. You act as a go-between in the sale of a light aircraft. The buyer pays by cheque and the owner is willing to accept this and release the aircraft once it is cleared by the bank. When settling up your fee, do you:
 - a) Press for payment in cash?
 - b) Send in an invoice?
 - c) Accept a cheque?

**Self-Assessment Test 6. 11**

1. You are a real estate agent and have been assigned to sell a downtown property by its owner. Your instructions are 'get the best price you can'. Do you:
 - a) Get on with the search for a buyer?
 - b) Insist on more specific instructions?
 - c) Decline the assignment?
2. You are selling a piano that has cluttered up your garage for several years. A prospect appears to be interested in purchasing it and asks how much you want for it. Do you:
 - a) Give him a figure at the top end of your expectations?
 - b) Ask him what he will offer for it?
 - c) Tell him the amount your spouse told you to get?
 - d) Go in lower in case he backs off?
3. You respond to an advertisement in the trade press offering a salmon-fishing estate for sale. The advertisement insists on 'principals only'. You find in discussion with the other side that you are dealing with an agent of the owner. Do you:
 - a) Insist on dealing direct with the other principal?
 - b) Ask if the agent has power to settle without reference back to the owner?
 - c) Carry on negotiations on a wait-and-see basis?

**Self-Assessment Test 6. 12**

1. You are in a bookshop looking for a paperback thriller to read on your holiday. There are several copies of the title you want but one of them is a 'hurt' book. Do you:
 - a) Select a clean mint copy?
 - b) Take the damaged copy to the cash desk?
 - c) Take a mint copy and the damaged copy to the cash desk?
2. You are in a store buying a freezer and the one you want is marked at £500. You ask for a discount and the clerk tells you that it is company policy not to give discounts off the goods as they are already marked down to the lowest possible price. Do you:
 - a) Ask to see the manager?
 - b) Accept what he says as being plausible?
 - c) Press your case for a discount with the clerk?
3. In a survey of buying behaviour of customers over three months in a major European store chain, what percentage of people do you think paid the price shown on the tag:
 - a) 53?
 - b) 97?
 - c) 37?
 - d) 78?
 - e) 11?



Self-Assessment Test 6. 13

1. You are on a sales tour of South Africa arranging dealerships for your range of industrial pumps. In Johannesburg you are told that your pumps are 'too expensive', in Durban, your prices are 'unrealistic' and in Cape Town 'the dealer's margins are too low'. Do you:

- a) Telex head office to say the marketing people have got the price structure wrong?
- b) Carry on your tour as normal?
- c) Request discounts on the margins?
- d) Give discounts off the list price in exchange for the order?

2. You are telexed by a construction consortium that they will accept your tender for earth-moving equipment to be shipped to Jordan if you can reduce your prices by 5 per cent. Do you:

- a) Offer 3 per cent only?
- b) Agree?
- c) Suggest that it is possible only *if* the tender terms are varied?
- d) Decline?



Self-Assessment Test 6. 14

1. You are a specialist in deep-sea oil exploration and have been approached by a consultant engineer in Singapore to join his staff on a two-year assignment. In their letter offering you the post, they quote a salary that is within a few dollars of what you are earning from a company in Stavanger. Do you:

- a) Tell them you want a higher salary?
- b) Quote a figure that you would settle for?
- c) Quote a high figure and suggest a compromise between that and their offer?

2. You are negotiating an off-site sales training seminar for an insurance company. They are worried about the aggregate cost and are pressing for a reduction. They hint that unless the price comes down they cannot run the course, nor the three follow-on courses they had planned to use you for. Do you:

- a) Go over the proposal with them and see what items they can provide from their own resources to save you charging them for hiring in?
- b) Take a firm stand on price, given your outstanding quality and the improvements in sales they will get from the high numbers they intend to put through the program?
- c) Find out what their 'best price' is and go for that if it is close to your own?

**Self-Assessment Test 6. 15**

1. You are in the market to buy an executive jet for a small courier air service you intend to set up out of your hard-earned savings and small borrowings from a local bank. The company selling new and used aircraft of the type you want is located on the 72nd floor of the World Trade Center in Manhattan. The President's office is as big as an aircraft hanger and the carpet pile is up to your ankles. The elegantly dressed man behind the 20-foot mahogany desk sits in front of a Picasso original. There is a Henry Moore sculpture in one corner of the room and a fountain spraying quietly in the other. Do you:

- a) Think you will get a bargain price?
- b) Wait and see?
- c) Believe you are likely to be pushed to the top price?

2. The man who has come to see you wears a beautifully cut Savile Row suit and wears Gucci shoes. If asked to rate his status, would you rate him:

- a) Low?
- b) High?
- c) Indeterminate?

3. When he leaves, how would you rate him (high or low) if he:

- a) Waited at the curb side for a cab?
- b) Had your secretary call him one?
- c) Got into a compact car he had parked round the corner?
- d) Got into a chauffer-driven Rolls Royce?

**Self-Assessment Test 6. 16**

1. You manage a small engineering plant and one of your large customers owes you for three deliveries. You feel you are getting the 'run around' from his accounts department and another delivery of parts is due next week. Do you:

- a) Continue to demand payment for the overdue accounts?
- b) Tell his accounts department that you will hold back next delivery unless they pay up?
- c) Tell the user department that you will hold back delivery until the overdue amounts are paid?

2. A small supplier of valves has delivered a batch which failed your quality-control tests and you put them into your own workshop for corrective machining. Do you:

- a) Demand a reduction in the invoice for your machining costs and warn them about future quality?
- b) Deduct your costs from the invoice and pay the balance?
- c) Pay the invoice but demand a guarantee on future quality?
- d) Wait until you hear from them about their unpaid invoice?

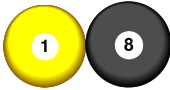
**Self-Assessment Test 6. 17**

1. You are in dispute with a shipper who has managed to lose 20-foot container between your factory and Benghazi. This is the second shipment that has gone missing – the first turned up weeks behind schedule – and the Libyan client is threatening to cancel the contract unless you deliver on time. In a meeting with the transport agents that is long on verbosity and short on details, do you:

- a) Insist that they admit liability?
- b) Ask them why they let you down on this occasion?
- c) Ask them how they can claim to be efficient when it is the second's container to go missing?
- d) Tell them their schedules are hopeless?

2. You have been negotiating the rental of your office with the landlord for some months. He has made tough demands and you cannot budge him. The negotiations are taking up a lot of your time and you are fed up with the arguments. Do you:

- a) Accept the rent because it is close to your top price?
- b) Decide to fight him in any way you can?
- c) Look for another office?
- d) Have another go at finding a negotiated solution?

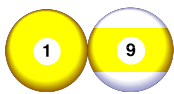
**Self-Assessment Test 6. 18**

1. You are in the midst of a very tough labour negotiation and you believe that the union does not fully appreciate the seriousness of your commercial plight. The local TV reporter asks if you have a comment on the union press conference where the official spokesman declared that 'you were trying to bluff them with your poverty but in reality you would pay the \$12 raise or take a strike'. Do you:

- a) Decline to comment publicly?
- b) Go on video and say they are talking through their hats?
- c) Tell the reporter to see one of your team who has had training in TV interviews?
- d) Offer to give a full interview in an hour or so, after you have checked with your team?

2. You have been negotiating the sale of light vehicles to courier business and just before you wrap up the final package for joint signature, they ask for the vans to be delivered sprayed light blue. That happens to be the production colour of the vans and would require no change in your programming or costs. Do you:

- a) Tell them it will cost them extra for light blue?
- b) Tell them light blue is 'no problem'?
- c) Ask them how important it is that the vans are blue?



Self-Assessment Test 6. 19

1. You are in Selangor (Malaysia) negotiating on behalf of a European consortium to build a satellite station for the government. You have brought along your colleagues (two Dutch, one French and one German) with you and the Malaysian team consists of six experts and three officials. How many foreigners are there at the meeting?

1	4	5	9	13	14
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2. The Japanese company that has invited you to Tokyo to explore the possibility of their buying coal from you meets you at the airport with a limousine and takes you to your hotel. *En route* they check on your arrangements and the head man asks his lieutenant to make all the necessary arrangements for your return flight. He asks for your air ticket and tells you that 'everything will be taken care of'. Do you:

- a) Regard this as an example of typical Japanese courtesy?
- b) Ask them to route you out via Hong Kong?
- c) Tell them you have an open ticket and there is plenty of time to worry about returning home having only just got here?

Course
Evaluation



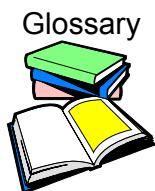
6.1 Course Evaluation

Please let us have your comments on the course. The most important question is "**Has it helped you improve?**" We would like your view on this and also on:

What did you like about it?

What would you change? And why?

Glossary



- ◆ **Accommodating:** Tries to help the other party meet his/her objectives.
- ◆ **Active listening:** Communications are frequently loaded; the listener must try to “tease out” without making the communicator angry or aggressive.
- ◆ **Analyzing the other party:** Gathering information about the other party through research and home work.
- ◆ **Arbitration:** The most common form and well known form of third party dispute resolution.
- ◆ **Assertiveness:** Negotiators bargaining on their home turf are more likely to be assertive (more comfortable) than negotiators on unfamiliar grounds.
- ◆ **Balance theory:** Analyzing people’s actions in a more fruitful way to achieve cognitive consistency.
- ◆ **Bargaining:** The words bargaining and negotiation are often used interchangeably. Some times bargaining is used to refer to “haggling” while negotiation is the more formal, civilize process that occur at disarmament talks.
- ◆ **Bridging:** The parties are able to invent new options that meet each side’s needs.
- ◆ **Collaborating:** Negotiators work together to maximize their joint outcome.
- ◆ **Concessions:** Negotiators generally expect one another to make an equal number of concessions toward a middle ground.
- ◆ **Contrient interdependence:** Individuals are so linked together that there is a negative correlation between their goal attainments.
- ◆ **Primitive interdependence:** parties’ goals are linked so that one person’s goal achievement helps or facilitate others to achieve their goals.

- ◆ **Disruptive action:** One way to encourage agreement is to increase the collateral cost of continuing or breaking negotiations.
- ◆ **Dual concerns model:** Models of negotiation may be classified according two dimensions. Degree of concern for other's outcomes and degree of concern for own outcomes.
- ◆ **Equality:** Parties should receive equal outcomes.
- ◆ **Exchange:** Any bargaining interaction is more than an exchange of information and ideas; it is a host of interpersonal experience as well.
- ◆ **Fairness:** Most negotiators expect that the negotiation process and the outcomes will be fair and just.
- ◆ **Fractionating conflict:** Approaches to reduce a large conflict into smaller parts.
- ◆ **Fractioning disputes:** Help the other party understand and accept our arguments by breaking them into smaller, more understandable pieces.
- ◆ **Fundamental strategies:** Attempts to influence the other party's perceptions of what is possible through (1) the exchange of information (2) positions and actions taken during the negotiation process.
- ◆ **Game theory:** Two parties each of who have conflicting interests can take action independently in choosing one of two alternatives. The outcomes for both parties depend upon the action of these parties.
- ◆ **GRIT:** Graduated Reciprocation and Tension Reduction.
- ◆ **Interconnectedness:** Interdependence of people's goals is the basis for much social interaction.
- ◆ **Logrolling:** Successful logrolling requires that the parties establish or find more than one issue in conflict; the parties then agree to "trade off" these issues so that one party achieves his top priority on the first issue, while the other party achieves his top priority on the second issue.
- ◆ **Metaphor:** a valuable persuasion tool through summarizing facts and establishing clear visual impressions.

- ◆ **Opponents:** Negotiators frequently try to develop personal relationships with the opponent. It is easier to work with and persuade a friendly opponent than a UN friendly one.
- ◆ **Paraphrasing:** We repeat in our own words what someone else has said.
- ◆ **Tactics:** are short range plans to achieve long range objectives.

Pathways to Higher Education Project

Pathways Mission

Training fresh university graduates in order to enhance their research skills to upgrade their chances in winning national and international postgraduate scholarships as well as obtaining better job.

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- CAPSCU, Cairo University
- Ford Foundation, USA
- Future Generation Foundation, FGF
- National Council for Women, NCW
- Cairo University Faculties of Commerce, Arts, Mass Communication, Law, Economics & Political Science, and Engineering

Training Programs

- Enhancement of Research Skills
- Training of Trainers
- Development of Leadership Skills

Publications of Training Programs

- 1- Planning and Controlling
- 2- Systems and Creative Thinking
- 3- Research Methods and Writing Research Proposals
- 4- Statistical Data Analysis
- 5- Teams and Work Groups
- 6- Risk Assessment and Risk Management
- 7- Argumentation: Techniques of Measurement and Development
- 8- Communication Skills
- 9- Negotiation Skills
- 10- Analytical Thinking
- 11- Problem Solving and Decision Making
- 12- Stress Management
- 13- Accounting for Management and Decision Making
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Published by: CAPSCU – Center for Advancement of Postgraduate Studies and Research in Engineering Sciences, Faculty of Engineering - Cairo University
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