



Certified Negotiation Manager Sample Material

V-Skills Certifications

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1. INTRODUCTION TO NEGOTIATION

1.1. Definition of Negotiation

“In business as in life, you don’t get what you deserve but what you negotiate”
- Chester L Karrass

Negotiation is a dialogue between two or more people or parties intended to reach a mutually beneficial outcome, resolve points of difference, to gain advantage for an individual or collective, or to craft outcomes to satisfy various interests.

Negotiation occurs in business, non-profit organizations, government branches, legal proceedings, among nations and in personal situations such as marriage, divorce, parenting, and everyday life. Professional negotiators are often specialized, such as union negotiators, leverage buyout negotiators, peace negotiators, hostage negotiators, or may work under other titles, such as diplomats, legislators or brokers.

The American Heritage Desk Dictionary defines negotiation as “conferring with another in order to come to terms or reach an agreement.”

Here are some other ways to think about negotiation:

- ✓ Negotiation is, simply stated, formalized discussion between two parties or organizations.
- ✓ Negotiation refers to the process we use to satisfy our needs when someone else controls what we are seeking. Other words sometimes used to describe negotiation are: bargaining, exchanging, and haggling.
- ✓ Negotiation has traditionally been thought of as the process of attempting to satisfy your wants, by giving up something you now have in exchange for something else you want.
- ✓ Negotiation and conflict are closely related. Sometimes we negotiate to avoid conflict. Other times, we use negotiation to resolve conflict.
- ✓ Negotiation applies to everyday exchanges in business or personal life where agreement is reached over buying and selling, exchanging services or property, resolving differences, or engaging in mutually desirable projects.
- ✓ There are many examples, from such simple tasks as deciding with colleagues where to have lunch to such complex issues as discussing with a builder the cost of constructing a new home.

One thing is guaranteed about negotiation—we all practice it every day! Some of us are better skilled at it than others, and sometimes we get more of what we desire. Sometimes we can be involved in negotiating without even being aware of it. But negotiation results are enhanced when we know that is what we are doing. Therefore, having a deep understanding of what the negotiation process entails and how it works, and being effectively prepared to negotiate should lead us to the desired results.

1.2. Identifying Opportunities for Negotiation

Many people fail to spot the opportunity to make a more positive exchange because they fail to distinguish the opportunity to negotiate. But any part of a transaction that is not totally satisfactory

to you has a scope for negotiating. Here is a list of the kinds of transactions we might face in our own lives.

- ✓ Purchasing a new car
- ✓ Deciding with the family where to vacation this year
- ✓ Getting a raise in pay
- ✓ Selecting a dress for the wedding
- ✓ Meeting with an employee group over work rules
- ✓ Deciding on a new product to launch
- ✓ Buying new furniture for the office
- ✓ Deciding who gets to use the family computer each evening
- ✓ Agreeing on the terms of a new business loan

As you may have understood by now, all of the above situations could involve some degree of negotiating. Some are more challenging than others. Some require serious thought and planning. Others can flow quickly and easily. It is important to identify the opportunities for negotiation to not only fulfill one's own needs but also to effectively satisfy and meet the needs of the various stakeholder involved in the decision making process. A successful negotiation is one where the negotiating parties have reached an agreement after fully taking into account each others' interests, in such a way that there is no future scope for improvement in the agreement and all the creative options for the same have been explored.

To Negotiate or Not—That Is the Question?

A swift response to certain situations, especially conflict, hardly requires negotiation. They may require discussion, emotions, upset, even anger, but not negotiation. Before deciding how to negotiate, we must first consider if negotiation is the best choice or most appropriate in the given situation. Negotiation can only happen when there is time to do it and when there is an aim or there is something you need to achieve. So, there will be instances where there is either no time, or no purpose is accomplished by being involved in the process of negotiation. We've seen that opportunities to negotiate take place in many personal interactions, but sometimes you don't want to negotiate, or should not do so. The following are two examples:

- ✓ Your niece runs into the street and you fear for her life. Are you going to negotiate her return to the sidewalk? No way! You are going to get her out of the street as quickly as possible using any means, verbal or otherwise, to accomplish that goal.
- ✓ Let's say you have agreed at work to put in extra hours for no extra pay because of the financial condition of the firm. Your valiant efforts have helped, but your boss seeks to add one more hour a day without pay. You are already stretched thin with home and financial responsibilities. Are you going to negotiate that extra non-paid hour? Maybe, maybe not.

1.3. Preparing for the Negotiation Process

Preparing for negotiation is as critical as the negotiation process. As you get ready, you have time to consider your needs and wants, the needs and wants of the other people involved, and about the style and approach you will take. You also plan for important aspects like time and place.

Seven Key Considerations

Effective negotiation preparation includes consideration of the following:

- ✓ Establishing objectives or goals. What do you want or need?
- ✓ What do you know about the other person's wants or needs?
- ✓ What are the positions vs. interests? What is it you would like to see happen vs. what is it you need to see happen?
- ✓ Who will conduct the negotiation—you or someone else representing you? What about the other person?
- ✓ Where and when will you meet?
- ✓ Who will set the agenda?
- ✓ What ground rules, if any, might be needed?
- ✓ What homework is required, before the actual negotiation begins?

Even though the above steps may seem extensive, the degree and completeness of proactive planning directly corresponds to a positive result. Keeping the time permit in mind, it is best to establish (in writing if possible) an outline of your goals and expected outcomes from the negotiation, based on the above list. Having a transparent approach about what you are negotiating, and keeping the seven considerations outlined above in mind, is critical. Being ready will not only generate confidence in the success of the negotiation process but will also allow us time to consider about what the other side wants or needs, you will be well on the way to finding a possible win-win solution. (A win-win solution is an integrative negotiated agreement. In theory this means the negotiating parties have reached an agreement after fully taking into account each others' interests, such that the agreement cannot be improved upon further by any other agreement. By definition, there are no resources or 'option' left on the table and all creative options have been thoroughly exploited). By being considerate and open to the other parties, you practice an inclusive , problem solving method as opposed to a competitive approach, and you are more likely to accomplish far more than if you take a rigid, competitive, me-vs.-you or us-vs-them approach.

Collecting Detailed Information

Even though the negotiation preparation checklist you just used will give you all or most of the idea of what you need to prepare effectively for simple negotiations. In many instances, on the other hand, it will be helpful and even critical to get more detailed information before you negotiate. Here are some steps for collecting detailed information. Note that these are similar to the steps we have already looked at above; these steps increase the material to cover additional information.

- ✓ Describe in detail the issues that are important to you.
- ✓ Identify and rank the interests that must be met for you to be satisfied with the outcome.
- ✓ Describe various settlement options that will meet your needs, satisfy your interests, and resolve the issues.
- ✓ Identify in as much detail as you can the issues you think will be important to the other party or parties involved.
- ✓ Identify and rank the interests that they would like to have met to be satisfied with the outcome.
- ✓ If possible, describe settlement options that you think will meet their needs.

- ✓ Integrate the issues, interests, and options of your side and the other side to determine where common interests and common ground exist, what alternative solutions might be acceptable to all parties, and what differences will have to be overcome.

1.4. The Seven Basic Steps in Negotiation

The negotiation process entails definite steps, even though they may flow easily into each other. The following seven simple steps will do very well in implementing an effective negotiation process and will cover all the critical elements of the negotiation process.

Step 1: Getting to know the negotiators

The negotiators are also made up of you. If you are having a facade, remove it. Negotiating is like any other social situation that has a business purpose. It moves more efficiently when the parties take a little time to get to know one another. It is helpful to go through the various stakeholders before the negotiations begin. Naturally, it is critical that you are self aware. Therefore, your first question must be: Who am I in this negotiation? Am I the tough fighter, the conciliator, the client, the businessperson?

Once you have answered that and are aware of your own goals, approach, and attitude, proceeds next to being aware of the other person. If you can get information on individual backgrounds, that can prove to be an excellent channel to the significance placed on the issues and the level of expertise on the subject. As the process starts, you should observe, listen, and learn. A good approach is to keep the beginning friendly and relaxed, yet professional.

Know the Level of Authority - Since agreement is the crucial goal of any negotiation, it is imperative to know from the start the level of authority of the party you are negotiating with. In hard negotiations, some sellers will bargain to know your position, and then they notify you that they do not have the authority to accept your terms. Then they go to some other person who may decline any agreements you might make, attempting to leverage a better deal for the seller. When you have the authority to make an agreement, always endeavor to negotiate with a person who has the same level of authority.

Step 2: Stating Goals and Objectives

Remember that you need to find out your own interests or needs so your discussion can be focused on a goal. Ask yourself what success in the negotiation would look like to you. After the opening, negotiating usually flows into a general statement of goals and objectives by the involved parties. Explicit issues might not come up at this time, because the parties are just starting to explore each other's wants and needs. The person who speaks first on the issues may say, for example, "I would like to ensure this agreement works in a way that benefits everyone concerned." No conditions have been suggested yet, but a positive statement has been made about the aim of the outcome.

Positive Communication - Effective communication and active listening are critical at this stage. The person making the opening statement should then wait for feedback from the other party to understand if both parties have matching goals and objectives. If there are any deviations, now is the time to realize them. The process of effective listening is as critical to successful negotiation as the art of effective speaking. Communication must be a two-way street or it's not communication.

If only you speak, it is talking, lecturing, preaching, scolding—but it is not negotiating. As Dr. Stephen Covey notes, highly effective people “seek first to understand, then to be understood.”

It is normally a good idea to make the initial statements positive and agreeable. This is no time for anger or competition. An environment of cooperation and mutual trust is ideal at this stage.

Step 3: Starting the Process -

Some negotiations are complex and have many issues to resolve. Others may have only a few. No one can accurately guess the direction negotiations will take until both parties have presented the issues. There may be hidden agenda's neither party has raised. These will emerge as things move forward. In fact, as the process begins, issues that need discussion and possible resolution must come out for the negotiation to be successful.

Combining or Splitting Issues - Often issues are multi-layered, so the solution to one is interlinked with the solution to another. For example, “I will not agree to buy the pre-owned vehicle at that price, unless a free one-year warranty is included.” On the other hand, there might also be an endeavor to split issues to make them mutually exclusive. For example, in the sale of a furnished house, the seller may prefer to discuss the house and furnishings as separate negotiations. The buyer may feel they should be combined. In some negotiations, all issues are linked. No one issue is considered resolved until all have been resolved. As mentioned earlier, a skilled negotiator will learn the issues closely before negotiations begin to determine where advantages may lie in separating or combining issues. Once the negotiators have determined the issues, they must begin dealing with them systematically. Views differ about whether to begin with a minor or major issue. Some feel you should start negotiation with a minor issue that has the scope of being easily resolved because this will create a constructive climate for additional agreements. Others feel it is better if you start with a major issue, because unless you solve it suitably, the other issues are insignificant. The stance of the parties and their personal styles will determine how the topics will unfold

Step 4: Revealing Disagreement and Conflict

Once the issues have been defined, differences and conflict often will take place. This is commonplace, and you should expect it. Good negotiators never try to evade this stage because they understand that this process of give and take is where lucrative deals are often made. Disagreement and conflict handled properly will ultimately bring the negotiators together. If not handled correctly, they will broaden the differences. Conflict has the means of bringing out diverse points of view and crystallizing the real wants and needs of the negotiators. Try to look at conflict as commonplace, even necessary, for clarification.

Wants vs. Needs - When showcasing the issues, most negotiators will describe what they want. “Wants” symbolize positions and are often based on opinions. It is the job of the other negotiator to find out what the person needs, or will find satisfactory. “Needs” represent the resolution minimums and are usually based on data. Remember that few negotiators get all they want, but good negotiators will work to get as much as possible. They understand that give and take may be necessary and that they might need to modify their goals. Here is where your attitude and approach are most important. As noted earlier, approaching the negotiation with a view toward satisfying needs, rather than toward “I win; you lose,” creates far greater potential for success. When opposing wants are revealed, it can feel like confrontation. This confrontation can involve stress. It is important to remember, therefore, that conflict resolution under these circumstances is

not a test of power but an opportunity to reveal what people need. Understanding this leads to discovering areas where you can agree or collaborate. Try to think of conflict as opportunity.

Step 5: Narrowing the Gap between Negotiators

Most parties want to sort out differences, especially when something is at stake for them. This holds especially true when negotiating. During the negotiation, normally one party will move toward common ground. Being flexible, within limits, is an influential tool in negotiation. A good negotiator can expand several possibilities that will give way to a good result. Statements reflecting willingness to test the waters or send up a trial balloon in the discussions will often begin with phrases like, “Suppose that ...?” “What if ...?” or “How would you feel about...?” When these statements begin, you should listen carefully to see if they point toward an offer to attempt resolution. Then your response should be carefully stated. Too quick an attempt to pin something down may cause the other party to withdraw because the climate may not seem enabling to giving and getting. If both sides begin to see a way that the solution can be win-win, they can reduce the negotiating distance, quite quickly. This requires each of you to evaluate the options and then select the one that works best for you while also allowing the other side to win something (i.e., meet their minimum needs).

Step 6: Finding Alternatives for Resolution

Sometimes removing substantial gaps in the negotiating distance between the parties requires innovative thinking. In mediation, this is called the “problem solving” or “brainstorming” step. You can use the same tools a mediator uses to help bring parties closer to the common ground by “unfixing” your position. It may mean stepping out of a hard-bargaining (win-lose) model to a more collaborative and creative (win-win) approach. Finding the satisfactory alternative requires efficient communication. Both parties must communicate their ideas and positions in a way that paves way to receiving and understanding. You can communicate effectively only when you learn to listen effectively. Also, be aware that when you listen, you are not automatically hearing what is being said, but instead what your own filter tells you is being said. By feeding back what you think you hear, you increase exponentially the chances for successful communication and can relay that to the other party. Sometimes, you can find a successful alternative if one or both parties look for additional information or get an expert opinion.

Step 7: Agreement in Principle, Settlement, and Acknowledgment

When a consensus is reached, you will need to confirm it. You will need a decision about how the final agreement will be achieved, especially if additional approval is required. This usually means placing the agreed-upon terms in writing. Preferably, this should happen while the parties are together so they can be in accord on the language. Reducing the agreement in principle to some form of writing will reduce the danger of a misapprehension later.