

Module 12 - Negotiating



What You Will Learn.

- How to negotiate effectively
- Negotiation practices and preferences of different cultures
- How to negotiate effectively across cultures.

Module 12 Negotiation for Influence in a Diverse Setting

Introduction: Setting the Stage

We generally negotiate to satisfy or protect a need or want. There are many instances where managers will find themselves negotiating for what they want. For example, managers may need to negotiate an agreement on a project's scope of work, or they may need to negotiate a time frame for a project deadline. They may also find themselves negotiating on timelines, deadlines, deliverables, resource allocations, spending plans, and priorities. Whenever there are differences of opinion, conflicting desires, or opposing interests, leaders must acquire the necessary skills to negotiate successfully.

At-a-glance Definitions:

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

Conflict: Difference of viewpoints, opposing perspectives, or a disagreement. As a conflict deepens there is an

increased risk that the parties will dig into their positions and increased their resistance to seeing other opinions.

The Negotiation Process.

In order to achieve a desirable outcome, it may be useful to follow a structured approach to negotiation. There are many formal negotiation models each of which outlines a series of negotiation stages or steps. Some of the steps seemingly common to all of these models are presented below.

The process of negotiation includes the following stages:

1. **Preparation.** This stage requires that you do your homework. You must first understand what you want out of the negotiation. Are you looking for a very specific outcome or are you willing to accept a range of outcomes? Is the outcome the most important thing or is the process to achieve the outcome more important? Do you know your bottom line, or the conditions under which you will walk away? What do you want to achieve in this negotiation

Collect as many facts as you can that will support your position or intended outcome. But remember, negotiations aren't always about getting everything you want at the expense of another. It's often times an attempt to get each party enough of what they want so that they both walk away feeling like winners.

2. **Discussion.** During this stage, individuals put forward the case as they see it, i.e. their understanding of the situation or the outcome that they would like to achieve. The key skills needed at this stage are listening, questioning and clarifying. Each side should have an equal opportunity to present their case and clarify what they want. Listening, questioning and clarifying allows the parties understand each other's point of view and to find common ground and a basis for moving forward.
3. **Negotiate Towards a Win-Win Outcome:** This stage focuses on what is termed a 'win-win' outcome where both sides feel they have gained something positive, and both sides feel their point of view has been taken into consideration. A win-win outcome is usually the best result. To achieve this people have to give up their positions and switch to a problem-solving approach. They must be willing to compromise or come up with creative solutions to their differences.
4. **Agreement.** This can be reached once each side believes that the solution takes into account their concerns and needs. The agreement needs to be specific and tangible, and a future date needs to be set up to

determine whether the agreement is being followed and if any adjustments should be made.

5. **Implementing a Course of Action.** From the agreement, a course of action has to be implemented to carry through the decision.

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

1. **Attitudes.** All negotiations are strongly influenced by underlying attitudes to the process itself, to the issues and to the personalities involved. Positive attitudes and a belief in the process will lead to more positive outcomes
2. **Knowledge** The more knowledge you possess of the issues in question, the greater your chance for success. Do your homework and gather as much information about the issues as you can.

Interpersonal Skills. Good interpersonal skills are essential for effective negotiations, both in formal situations and in less formal or one-to-one negotiations. These skills include the ability to

- Effectively communicate your position, goals or interests to the other party
- Listen Actively which is the ability to accurately paraphrase what you heard the other party say
- Use open or closed ended questions to clarify and understand the other parties point of view
- Build rapport by listening, reflecting, mirroring and respecting the other party's point of view.
- Manage your own emotions when they arise and to recognize the emotional state of others
- Read and interpret body language and other non-verbal cues

Getting to Yes. Fischer and Ury's book Getting to Yes has become a classic in the field of negotiations. They claim that many negotiations break down into a win-lose proposition because there are two types of negotiators.

The soft negotiator wants to avoid conflict in order to maintain a harmonious relationship with the other party. Because they are conflict adverse they easily make concessions without considering their own needs (other than to resolve any tensions associated stemming from different positions or desires.) They may walk away from the negotiation feeling like they have been taken advantage of and angry with themselves for having caved in to the demands of the other party.

The hard negotiator just wants to win. They see the other party as an adversary and the negotiation as a battle of wills. They are determined to wear the other party down with their demands, threats and pressure tactics all for the sake of victory. They are willing to sacrifice the relationship for getting their way.

They claim that the way to avoid win-lose negotiations is to use what they call Principled Negotiation which is based on four principles.

- **Separate the people from the problem.** Don't attack the other person but attack the problem. View the negotiation as an opportunity to solve a problem in a way that is mutually beneficial to each party
- **Focus on interests, not positions.** When people take positions they often feel as though they have to justify and defend their positions. Oftentimes this leads to "digging in" and fortifying ones point of view, making it more difficult to come to a mutually satisfying solution. When focusing on interests, mutual gains can be reached by joint problem solving
- **Invent options for mutual gain.** Once the interests of both parties have been clarified, energies can be spent on crafting options which will satisfy both parties to the extent possible. Instead of arguing about who's position is right, they can spend their time on determining how to satisfy their mutual interests and how to best resolve the remaining differences,
- **Insist on using objective criteria.** When people are engaged in problem-solving they are less likely to use pressure tactics and threats to get their way. Like any other problem they must weigh their potential solutions against a set of mutually agreed upon criteria. The criteria can be used to measure the degree to which the solution meets the need and addresses the interests of both parties.

(Fischer and Ury, Getting to Yes, 1981)

Cross-cultural Differences in Negotiations

In the book, "The Global Negotiator: Making, Managing, and Mending Deals Around the World in the Twenty-First

Century” (Palgrave Macmillan, 2003), the author found that certain cultural factors may complicate intercultural negotiations. These include the following:

Contract or relationship?

In some cultures, the ultimate goal of the negotiation is the signed contract. In other cultures, the goal is to establish trust and a long-term relationship with the other party

Win-Lose or Win-Win?

Because of differences in culture, personality, or both, people may approach a negotiation as either a win lose or a win-win. The win lose perspective is a zero sum game where gains on one side are seen as losses on the other side. The objective of the negotiation is to win as much as you can without regard for the other party. Win-win negotiators want both parties to walk away from the negotiation feeling as though they have come to a solution that both parties can live with.

Personal style: Informal or formal?

Culture strongly influences the personal style of negotiators. Formal cultures require the negotiators to stick to the nuts and bolts of the negotiation. Sharing personal information is frowned upon; using formal titles is encouraged and asking personal questions is discouraged. Informal negotiators like to learn about the other parties and form personal and friendly relationships with them.

Communication: Direct or indirect?

Methods of communication vary among cultures. Some emphasize direct communications where people mean what they say and say what they mean. Other cultures rely on indirect methods where context, gestures, body language and facial expressions are used to communicate meaning.

Sensitivity to time: High or low

Cultures treat time differently. We have cultures where punctuality is valued and those where people are expected to be “late.” Some negotiators want to close the deal quickly while others want to extend it by getting to know the

parties and forming a long term business relationship.

Emotionalism: High or low?

There are cultures where bringing emotions to the table is acceptable and others where is not.

Form of agreement: General or specific?

Some cultures prefer detailed written agreements that specifically spell out all of the conditions and possible contingencies. By doing so both parties can turn to the conditions of the contract to deal with any disputes or performance issues. Other cultures prefer contracts that layout general principles. What's important in these cultures is that the contract represents a relationship between the parties. So if problems arise they should return to the relationship to solve them and not to the specifics of the contact.

Risk taking: High or low?

Some cultures are more risk adverse that others. This may impact their negotiations by limiting the amount of risk they are willing to take and the amount of information they must have before making a decision or coming to an agreement