



how to negotiate

a **CNet**
guide for
voluntary and
community
groups



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1 Introduction

You are already a negotiator – in fact, you have been negotiating practically all your life. You may negotiate with your friends about which film to watch or where to go dinner. You may negotiate more holidays with your boss, haggle with a stranger at a car boot sale over the price of an antic lamp, or simply watch the Prime Minister negotiate an international treaty with other state leaders. All of us negotiate every day. Every time we want something from someone else, we have to negotiate with them until we reach an agreement.

The only times we don't have to negotiate are when people obey our orders without any questions. Sometimes it would be nice if people did that more often(!), but blind submission is becoming more and more rare in today's society. Our children want to have a say about when to go to bed and what to eat, just as most adults do not want to be dictated what to do. We want to have a say about the things that affect our lives, and because we are all different and have different views, we have to negotiate to come to an agreement.

Negotiation is a fact of life, and hopefully this booklet will give you a few tips about how to negotiate more effectively.

2 Negotiation Styles

What is the first thing you think about, when you hear the word “negotiation”? Do you think of hard-nosed efforts to get everything you want at the expense of another person, or perhaps an attempt to reach a compromise, where everyone gets a little bit of what they want?

The truth is that negotiation can take many different forms, depending on the situation and the people involved.

This booklet will mainly tell you about the collaborative approach to negotiations – where people look for win-win agreements – but it is important to be aware that you have other options as well.

2.1 Competing (Win/Lose)

In competitive negotiation, you mainly look to gain at the expense of the other party. This approach is also known as win/lose negotiation, because it assumes that if you win, and get what you want, the other party must lose, because they cannot also get what they want. When you use competitive negotiation, you are not interested in moving towards the other party's position – “it's my way or the highway”!

This booklet does not advocate that you generally use this style of negotiation, but there might be times when it can be suitable:

When your future relationship with other party does not matter.

Haggling with a street vendor on your holiday abroad is a perfect example of this.

If you can get everything you need without having to give anything to the other party, it makes sense to use competitive negotiation. But be careful! You should think carefully about this approach. If the other party comes away from a negotiation feeling like a loser, he will probably not be interested in helping you in the future. Furthermore, he may spread the word around, so that other people may be less interested in negotiating with you. Getting a reputation of being an individual that only looks out for yourself can give you a lot of future trouble.

In emergencies.

If you are a fireman reaching a burning building, you unlikely to engage in a lengthy negotiation with a man wanting to return to the building to save his favourite shirt and tie!

When you have to make unpopular decisions.

This is linked to the emergency situation above. Sometimes you cannot please everyone, and unless you make your decision, nothing will happen.

For both emergencies and unpopular decisions, you see that competitive negotiation is not always about reaching a deal that serves your own narrow interests – you may sometimes be unresponsive to someone else's demands, because it is in their best interest (they may not see it that way, though!).

2.2 Collaborating (Win/Win)

When you do collaborative negotiation, you look to find agreements that satisfy the interests and desires of both parties. This is why this approach is often known as a win/win negotiation.

We will focus much of our attention in this booklet on helping you develop your collaborating negotiation skills.

Gain commitment.

Very few agreements are complete, when the parties sign on the dotted line. Instead, most agreements are complete, when the parties have carried out, what they signed up to do. It is therefore important that both parties see a benefit in the agreement succeeding – otherwise they may go back on their word, or “drag their feet” by only doing the bare minimum of what is required.

Relationship is important.

If you want to do business with someone in the future, you do not want to give them the impression that they are not important. They may get this impression, if you are not willing to consider their interests.

2.3 Compromising (Win Some/Loose Some)

When you do negotiation by compromising, you accept that neither side can have all of their interests met, and you are simply trying to reach an agreement that will not be too unfair for either party. You win some and lose some, and you probably do not come away from the negotiation table feeling all that satisfied.

Yet, as with each of the different negotiation styles, there may be times when compromising can be the most suitable approach.

Time pressure.

Sometimes there just is not time to go through long negotiations to reach a collaborative agreement.

Fixed resources

It is rare that the only thing you can negotiate about is money or other resources, but sometimes it is really just a question of how to split the pie.

If the future relationship with the other party matters, you may reach some compromise, where “a little is better than nothing”.

If your future relationship with the other parties does not matter, you could adopt a competitive negotiation style, and seek to gain as much as possible (remembering all the warnings from Section 1.1!).

Negotiations have reached complete stalemate.

Sometimes, you have worked really hard to reach a collaborative agreement, but it does not appear to go anywhere. Again, a little might be better than nothing at all, depending on the circumstances.

2.4 Accommodating

When you negotiate through accommodating, you basically give the other party what she wants, regardless of your preferences – “whatever you say” becomes your working philosophy.

It is more important to them than to you.

Sometimes you just do not care about something, and it is no skin of your nose to let someone else have what they want. It can be a good way to build your relationship with someone else, and you can use it to gain concessions from the other party.

You have a gun to your head.

When a robber asks for your money or your life, it makes sense to give him your money – even when you are having a really bad day! Thankfully, most of us will never be faced with an armed robbery, but there might be times, where the costs of not accommodating are too high.

Be careful to use accommodating as a regular way to gain acceptance and friendship from people – you are likely to harbour resentment, and you might be taken advantage of.

2.5 Avoiding

When you negotiate through avoidance, you may in many ways not be negotiating at all. You may pretend that the issues do not exist, or you may make it clear that you are not willing to discuss an issue.

Lack of information

Sometimes you just do not have enough information to make meaningful proposals. Rather than trying to “blag it”, it might well be better to avoid a particular issue until you have more to bring.

HALT – Hungry, Angry, Lonely, Tired.

Even if you have all the information needed, and the other party is willing to work with you collaboratively, there may be times, when you would be better off leaving negotiations alone. If you are feeling hungry, angry, lonely or tired, you are probably not going to be very effective, and you may agree to things you will later regret, or become overly frustrated.

The diagram below helps you see how the different negotiation styles relate to each other. Collaborating is the negotiation style that shows the greatest regard for both your and the other party’s interests, which is why the rest of the booklet will mainly focus on this style of negotiation.

But none of these negotiation styles are wrong – it all depends on the situation you are in. Also, remember that you can use more than one of the different styles of negotiation during the same negotiation. For example, you may be doing a collaborative negotiation, but avoid a particular subject if you do not have enough information.

All of us naturally tend to prefer a particular negotiation style, and it can be very useful to identify which of the five negotiation styles you lean towards. It is particularly good to be aware of your preferred negotiation style, so that you can alter your normal behaviour if a negotiation requires you to act in a different way.

If you want to find out, which negotiation style is your natural instinct, you can take the *Thomas – Kilmann Conflict Mode Instrument Test* (believe me - it is much less scary than it sounds!). You can easily find it by doing a quick internet search.



3 Negotiating Interests

In the previous chapter, we saw that it very often is most beneficial to seek a solution, which both parties are happy with. That way, you are likely to have a good relationship with the other party, and they will feel more compelled to keep their side of the bargain.

But how do you get an agreement that satisfies both parties, when what you want, and what they want, seem to be so far apart? If Kate wants to sleep with the window shut, and Jack wants to keep it open, how can they possibly both get what they want? Perhaps by finding out exactly why Jack wants it open and why Kate wants it closed.

In this chapter we will look at the difference between what you and the other party say you want, and what you really need. It is the difference between issues, interests and proposals.

3.1 Issues, Interests and Proposals

Issues – the “What.”

It has been bubbling for a while. Kate and Jack have been married for 8 years, and although they get on great, everything gets pretty tense in the bedroom. Kate wants to sleep with the window shut, and Jack wants it open during the night. They often argue over it. Kate often gets her way initially, only to wake up during the night, because Jack has snuck out of bed and opened the window after she fell asleep! Both of them have had enough, and it is clear that they need to come to an agreement on the window, once and for all.

The things we disagree on and want to talk about, e.g. the window, are called issues. If Kate and Jack had a meeting to discuss their problems, the window could be an item on the agenda, which is why issues are also sometimes called agenda items.

Interests – the “Why.”

So, why do they want to talk about the window? Well, Kate wants the window shut, because she cannot fall asleep if she gets too cold, while Jack likes to fall asleep to the sound of passing cars. Basically, they want to talk about the window,

because it affects their sleep. Good sleep is their interest.

The reason it is important to talk about an issue (or agenda item) is your interest.

Proposals – the “How.”

Kate and Jack both want to talk about the window, because it affects their sleep. They have a common interest (good sleep), but because they are different, they have different ideas about how they are going to get a good night’s sleep. Kate gets her best sleep, when she is warm, and she therefore suggests; “I think the window should be closed”. Jack needs a little bit of noise to fall asleep, because he grew up in a large city, and he therefore complains “no, the window needs to be open”.

The ideas or suggestions people have to solve an issue are called proposals.

3.2 Benefits of Interest-Based Negotiations

There are a number of reasons why it is important to distinguish between issues, interests and proposals.

a) Break stalemate.

As the example of Kate and Jack shows, it is often difficult to reach an agreement, if you only focus on your initial proposals. You are far apart, and it looks like one you will have to lose. In those situations, you might often use a competitive negotiation style to try and get what you want, or perhaps reach a compromise that does not really satisfy your or the other party’s interests.

But if you focus on interests, you begin to see that there are many possible ways to skin a cat. If Jack and Kate knew each other’s interests, they could ask themselves how they can make sure Kate is warm, and Jack gets his noise at the same time. Suddenly, they have far more options to discuss, instead of just focusing on whether or not the window should be closed.

Here are just a few ways they could both get what they need:

- ★ The window stays open, and Kate stays warm by: getting a thicker duvet / sleeping further away from the window / leaving the heating on / wearing pyjamas, etc.
- ★ The window is closed, and Jack gets his noise by: leaving the TV on in the living room / playing a CD at low volume in the bedroom / paying a private impressionist to make car sounds during the night, etc.

Ok, the last option may not be that good – impressionists are expensive, and it could become a little bit crowded to have him sharing the bedroom! But you get the picture. Once you focus on interests, you have much more freedom to think of creative ways to solve your dispute, and you see that there are many possible ways to have your interests met.

b) See other party in a different light.

When you are locked in a dispute and focus on your positions, the other party can often come across as an opponent, who is making unreasonable demands. When you dig deeper and identify the interests of the other party, your view may change.

Your change in perspective can come about in two ways. Firstly, you recognise that you have the same interests as the other party, which shows that you are not so different from each other, as you may first have believed. Jack and Kate had very different proposals, open and closed window, but their interest was the same – a good night's sleep.

If you do not have the same interests, it might still be good to understand the positive interests that often hide behind very negative proposals.

Martin and Richard had been fighting for a while. Martin is convinced that Richard hates animals, and that Richard is only looking for an opportunity to kill Martin's precious friend – his pit bull terrier, Gomez. They have argued loudly on a few occasions, and only last week, Martin's suspicions appeared to be confirmed, as Richard swore at Martin and said that his "filthy dog ought to be shot!". Richard, on the other hand, sees Martin as the most selfish and inconsiderate man he has ever come across. Richard thinks that Martin wants all the other residents to live

indoors, so that Martin's dog can roam free and do whatever it wants. Last week Richard got really angry with Martin, when Martin said that Richard should "stop overreacting, and mind his own business", when Richard complained about Martin's dog running loose.

At the moment, the two men have very negative images of each other, and it may not appear likely that they will be able to move forward in a positive manner. They do not see each other as Martin and Richard, but as the "the idiot with the dog" and "the up-tight guy next door". But if they knew and understood the following about each other, their perceptions may change;

Martin had been happily married to Ethel for 22 years, until she died of cancer 4 years ago. He has been terribly lonely since then, and since he does not have any close family or friends living close by, Gomez is the only real companion he has. When Richard suggests that Martin should get rid of Gomez, Martin gets very upset, because he fears he will lose his only friend.

Richard and Sally moved to their current house, because they wanted their two daughters, aged 5 and 7, to grow up in a safe neighbourhood. Two very busy roads ran through their previous neighbourhood, and their eldest daughter, Molly, was injured pretty badly, when a car failed to stop at a pedestrian crossing. Their current neighbourhood seemed quiet when they moved in, but Richard and Sally are now distraught that their daughters could again be in danger, because of the neighbour's dog. One of Richard's work colleagues' sons got mauled by a dog 6 months ago, and Richard therefore gets very angry, because Martin does not seem to care about his daughters' safety.

Learning more about why it is important to talk about the dog will not only help both men find better agreements, but may also give them a much better insight into who the other person is.

4 Preparing for Negotiation

Before you sit down to negotiate it is important that you have a clear idea about what you want. Negotiators who know what they want are usually far more likely to get what they are after, just as travellers, who know where they want to go, are far more likely to get there!

There are a number of reasons why a good idea about what you want is likely to give you a better result in negotiations:

You can better explain to your negotiation partner what you want.

If you are negotiating with someone and are looking to collaborate and find win-win agreements, it is important that you help him understand your interests.

You can better predict your negotiation partner's reaction.

Once you have drawn up your preferred "destination" for the negotiations, you can consider how it might look to the other side. If you think they will find your ideas very hard to swallow, you need to spend time thinking about how you can show them that your proposal actually meets their interests.

You know if you are getting what you want.

When you know your destination, it becomes easier to recognise if you are going in the wrong direction! When you know what you want, it is easier to say no to proposals which do not meet your interests.

4.1 Prepare Your Shopping List and Proposals

To help you think through what you want, begin by writing a "shopping list" of all the things you would like out of the negotiations. Your shopping list should be fairly specific and focus on actions that would help you achieve your underlying interests. For example, if your interest is to keep your local community centre and you are preparing for negotiations with local councillors, your shopping list could include:

1) increased council funding,

2) move of council activities to the centre and

3) a speech made by the councillors supporting the centre.

The items of the shopping list will form the basis for the proposals you are going to present to the other side. However before you start putting proposals together, remember to think about your negotiation partner's interests as well. Ask yourself how your proposal will help her achieve her interest, as well as your own. If you put proposals together that only serve your interests, you are very unlikely to reach an agreement with your negotiation partner – remember that we negotiate because we can't or won't dictate terms to people.

To prepare for the negotiations you can draw up three draft proposals:

Bottom-line proposal.

This is what you must achieve from the negotiation. You can see it as your walk-away point, from where you cannot give anymore without sustaining a loss and gaining no interest satisfaction. The proposal must be specific, and should support some of your negotiation partner's interests as well.

Fall-back proposal.

This proposal gives you more than the bare minimum of interest satisfaction achieved in the bottom-line proposal, and would be far more satisfactory to you. The proposal must be specific, and should support some of your negotiation partner's interests as well.

Your preferred proposal.

If your negotiation partner agrees to this, you will get everything you ask for (and maybe even more!). The proposal must be specific, and should support some of your negotiation partner's interests as well.

A quick caution on proposals:

It is great to prepare different proposals before negotiations but make sure you see them as drafts rather than something set-in-stone.

Remember that you are negotiating to satisfy your interests, so be willing to change your mind on your proposals during negotiations if your negotiation partner comes up with another proposal that still meets your interests.

Here is an example of how you might draw up your proposals in preparation for negotiations:

Ahmed makes quality hand-made rocking chairs, and he is preparing for negotiations with a well-known furniture store. Ahmed's main interest is to make a living from his rocking chairs, but it is also important for him to get recognition for his work.

To achieve his interests, he has put the following shopping list together:

- 1) Furniture store pays at least £175 per chair (although more would be nice!)
- 2) Furniture store commits to displaying the chairs for 12 months
- 3) Ahmed's chair is the only hand-made rocking chair to be displayed
- 4) Ahmed's chair is pictured in the furniture store's spring catalogue
- 5) Furniture store to provide Ahmed contacts with other stores in the country.

Ahmed's bottom-line proposal.

The furniture store pays £175 per rocking chair. £175 covers the cost of materials, the time Ahmed spent making the chair and a little bit of profit. This is the bare minimum and certainly not something that will make Ahmed rich.

Ahmed feels the proposal meets the furniture store's interest because they get very good quality furniture at a cheap price.

Ahmed's fall-back proposal.

The furniture store pays £220 per rocking chair, displays the chairs for 12 months and commits to making Ahmed's chair the only hand-made rocking chair on display.

This proposal meets Ahmed's interest of making a living out of his rocking chairs far more than his bottom-line proposal. Not only because he will get a better price for the chairs but also because a more prominent display in the store is likely to increase the number of chairs he will sell. This proposal also supports Ahmed's interest in receiving recognition for his work, since the sole display of his work in the store emphasises the quality of his chairs.

Ahmed thinks the proposal still meets the furniture store's interest of good quality furniture at a reasonable price. Ahmed has also noticed that the store wishes to have quite an exclusive image, and he believes that a prominent display of his beautifully crafted chairs would help them achieve this goal.

Ahmed's preferred proposal.

The furniture store pays £245 per rocking chair, displays the chairs for 12 months and commits to making Ahmed's chair the only hand-made rocking chair on display. Ahmed's chair will also get featured in the store's spring catalogue and the furniture store will help Ahmed get in contact with similar stores in other parts of the country.

This proposal really supports Ahmed's interests. Not only for the reasons covered by the fall-back proposal, but also because the increased promotion will increase the sale of his rocking chairs even further and help make his name known as a respected craftsman in other parts of the country. Ahmed is aware that £245 for a rocking chair may go against the furniture store's interest of affordable products but he hopes their interests in boosting their exclusive image will make them willing to pay the higher price.

4.2 Know Your BATNA

Before you start negotiating you should also ask yourself what is your **Best Alternative To a Negotiated Agreement – your BATNA**. Your BATNA is what will happen if you fail to reach an agreement in the negotiation.

It is very important that you know your BATNA before you sit down to negotiate. If you do not know your BATNA you might settle for much less than you could have or you may reject a deal that is far better than anything you can achieve without reaching a negotiated agreement.

Your power to influence negotiations very often depends on the strength of your BATNA. If you have a strong BATNA, you are not desperate to do a deal, and you can therefore press hard for a deal that meets your interests. If you have a weak BATNA you are far more eager to reach an agreement with your negotiation partner and you might settle for less than you had hoped for.

Jack is the manager of a community centre and is about to meet a prospective tenant, MK Productions, who is interested in renting two offices in the building. It is not clear how much rent MK Productions will be willing to pay, so before Jack begins the negotiations he considers his best alternative to reaching an acceptable agreement – his BATNA. In this case, Jack is pretty convinced other tenants would be interested in the offices if he cannot reach an agreement with MK Productions, and he therefore thinks his BATNA is to leave the offices empty for another month and hopefully make a deal with other tenants. For every month the offices are empty the community centre loses £900.

In this case Jack feels he has a strong BATNA – if MK Productions is not willing to pay the £900 rent he is pretty sure other people will. Jack is not really willing to give MK Productions any discount – it does not make sense to him to take less money from MK Productions if other tenants are willing to pay more.

But what if Jack's BATNA was weak?

What if the community centre's offices had been empty for six months and MK Productions was the first interested tenant to contact him for four months? If that was the situation, it is more than likely that Jack would agree a far greater discount on the rent because a little might be better than nothing in this case.

4.2.1 Develop Your BATNA

Your BATNA might not always be clear to you right away – often it can look like we only have one option – so you will need to spend some time coming up with alternatives to reaching an agreement with the other side.

Start by brainstorming all the ideas you can come up with. Do not dismiss any ideas straight away, just try and get as many ideas down as possible.

Jane is the CEO of a not-for-profit organisation delivering basic English courses in three UK cities. One of the contracts is now up for renewal and the local council has announced that they will only renew the contract if Jane's company is willing to take a cut in payments and meet tougher targets.

Jane has a month to respond and to help her think through if it is worth agreeing a poorer deal with the council, she considers her alternatives:

Option 1.

She is aware that a charitable body is funding language classes aimed at economic migrants. The deadline for applying is a couple of weeks away so she could get a result before the council's deadline.

Option 2.

A couple of Jane's English teachers have worked with children before. Jane could therefore consider competing for a completely different contract to deliver parenting skills which comes with less strings attached.

Option 3.

Jane could try and re-negotiate a better contract in the other two cities to make up for the funding she would lose if she accepts the new proposal from the council.

Option 4.

Jane's company could seek to gain new contracts in neighbouring cities and offer employment to any teachers interested in working there.

Option 5.

Jane's company could simply close operations in that city and let the teachers go. Hopefully some of them would be employed by the new company taking over.

After you have done a good brainstorm of different options, you pick out a couple of alternatives that seem the most attractive and realistic to you and investigate them further.

It does not appear likely that Jane will be able to re-negotiate the contracts in the two other cities (option 3), or gain new contracts in new cities (option 4). None of the teachers seemed particularly keen on delivering parenting skills classes (option 2), but a few of them indicated that they would rather do these classes than risk being without a job altogether (option 5).

Jane therefore decides to pursue the possibility of alternative funding from the charitable body (option 1), because she believes she has a good chance of being successful. She feels her company ticks all the right boxes and if she was

successful she would even get funding for three years, rather than the council's two-year funding. Should she not be successful she will try to develop the idea of delivering parenting skills as at least some of the teachers would be willing to consider a change of subject.

BATNA and Impartiality:

Make sure the people that advise you on your BATNA are impartial and do not have any stake in the decision you are making. Consider Mary's situation. Mary is in a dispute with Fix It Up, the building firm that recently converted her loft. Mary believes that the building work was not done to an adequate standard and Fix It Up has agreed to pay her £1,500 compensation. Mary's solicitor advises that she can get far more money by taking Fix It Up to the small claims court. Mary's solicitor might be right, but Mary would do well to consider if her solicitor's advice is influenced by the fact that he will make far more money if she goes to court than if she settles matters directly with Fix It Up. Don't allow people with vested interests to inflate your BATNA, so you turn down a good deal, because they have promised you the moon!

4.2.2 Strengthen Your BATNA

Once you have picked the most attractive alternatives to a negotiated agreement you want to make it as strong and credible as possible.

The best way to strengthen your BATNA is to make it as certain as possible. For instance, if Jane were to be successful in achieving funding from the charitable body she would be far more confident going into the negotiations with the council and her BATNA would look far more credible to the council if she chose to reveal it.

4.2.3 Identify the Other Side's BATNA

Knowing your own BATNA tells you how far you can go before you stop negotiating. Knowing your negotiation partner's BATNA tells you how far you can push her before she is likely to seek an alternative to negotiating with you.

Michael was renting out his semi-detached house in an attractive area. He knew that a prospective tenant strongly wanted to live on Michael's street and that he needed to move within two weeks. Michael also knew that his house was the only house in the area that could be available within two weeks and that the tenant's BATNA was there fore very weak. Michael increased the rent from £550 to £625 knowing there was a good chance the tenant would be willing to pay or at least consider such an arrangement.

Knowing your negotiation partner's BATNA will not only help you put a credible offer forward but it can also help protect you from panicking and making big concessions if things turn a bit nasty and the opposite side begins to issue threats.

If the prospective tenant tells Michael "I will pay no more than £530 – take it or leave it!" Michael can relax knowing there is little chance the tenant is actually going to walk away.

Basically, to determine the other side's BATNA you need to find out how dependent he is on you. Here are some questions that can help you:

1) How much does he need the type of service, product of sale you offer?

Are you offering your negotiation partner something that is essential to him, something for which there is little or no substitute, or just something that would be nice for him to have?

Ben is a salesman of safety equipment to building contractors. He always sells a lot of hard hats and bright yellow jackets because the law requires that all people working on building sites must wear hard hats and bright yellow jackets. The building companies do not have a choice. Ben tends to sell less of his booklets on good site safety practices because building companies do not have to get these for their workers, and many companies therefore choose to spend their money on something else.

You need to ask yourself whether or not you are helping your negotiation partner meeting one of his clear interests. Sometimes you will not be able to know before you sit down and begin to negotiate, but you can often gain important knowledge if you take time to consider your negotiation partner's situation:

- ★ Is she bound by legislation to provide certain products or services as in Ben’s example above?
- ★ Does he have specific targets to meet which can only happen if she pays you or someone else to deliver a service or product?
- ★ Does she have sales targets to meet which can only be met if you or someone else buys something from her?
- ★ Does he have a particular preference for exactly what you are offering him?

If the answer to these questions is no, you might consider if there is other ways you can better serve his interests, perhaps by offering a different service.

If the answer is yes, you are in a good position and you can enter the negotiations with more confidence.

2) Are there other people/organisations that offer the same product or service as you?

If the answer is no, you are in a strong position. You have a monopoly and if the other side needs your service you should be able to negotiate a very good agreement.

If the answer is yes, you need to find out how you compare to these other individuals/ organisations. Jack’s example below gives you an idea about how to do such a comparison;

Jack is the sales manager for “Quick Clean”, a company that sells large dishwashers to restaurants and schools. Jack is hoping to gain a contract with a chain of restaurants, and to help him decide what to put in his proposal, he is considering the chain’s BATNA. Jack can think of two companies, which might offer the restaurant an alternative, “Spot Away” and “Dishwashers Inc.”, and he decides to do some research on how he compares to them on price, quality and service;

Price

Looking at his competitors’ sales catalogues, he can tell that Dishwashers Inc. sell their machines cheaper than both Quick Clean and Spot Away, and Spot Away also seem to be cheaper than Jack’s company.

Quality

Quick Clean are known for selling great dishwashers. Spot Away also sell decent machines, whilst Dishwashers Inc. sell machines of a much lower quality.

Service

Jack is certain that Quick Clean provides a better service than any of his competitors. His company has a helpline that is open 16 hours a day and an engineer can be sent to a restaurant within two hours if a machine should break down. Dishwashers Inc. can only promise an engineer within 4 hours, and Spot Away’s customers might have to wait 7 hours before they can get help.

	Quick Clean	Spot Away	Dishwashers Inc
Price	3	2	1
Quality	1	2	3
Service	1	3	2

By doing a comparison, Jack now has a better understanding of how the restaurant chain may view its alternatives to reaching an agreement with Quick Clean.

However, finding out how he compares to his competitors is only half of the process – he also needs to know what the restaurant chain values most. If it is most interested in getting cheap machines, Jack may want to lower his price to be able to compete with Dishwashers Inc. On the other hand, if the restaurant chain has a reputation for wanting good quality service, Jack may not need to lower his price, because the chain is likely to pay good money for the outstanding service Quick Clean provides compared to its competitors.

Jack’s example is just a simple illustration of how you identify your negotiation partner’s BATNA and use the knowledge in your negotiations. First you find out how you compare against your negotiation partner’s alternatives and then you find out what factors are most important to your negotiation partner.

Price, quality and service are only some of the factors you can compare with your competitors. Here are some more ideas:

- ★ Capacity to handle large orders or projects
- ★ Ethical practices
- ★ Specialist knowledge and skills
- ★ Contacts in the community

4.2.4 Weaken the Other Side's BATNA

When you understand your negotiation partner's BATNA it can help you improve your own service to better suit his needs, but it can also help you weaken his BATNA to put you in a better position at the negotiation table.

The most effective way to weaken the other side's BATNA is to reduce the number of people/ organisations delivering the same as you, which the other side can choose from. With few other options, the other side is more dependent on making a deal with you and you are likely to reach a deal which suits more of your interests.

When rival gangs use violence and threats to fight over the right to sell drugs in an area they are really trying to weaken the BATNA of drug users. If there is only one gang selling drugs, the drug user is likely to pay a higher price because he has little alternative.

However, you do not need to do anything illegal to weaken the other side's BATNA. When big supermarkets lower their prices so much that smaller shops cannot compete and end up closing down the supermarkets have weakened your BATNA because you now have fewer places to shop.

Weakening the other side's BATNA can be done whether you are strong position like a large supermarket, or in a position that seems far weaker. When individual workers get together and form a union, they are weakening the employer's BATNA. If all workers are in it together, the employer can no longer just hire someone else if negotiations over wage, training or holidays breaks down.

5 At the Negotiation Table

You have done your preparation and you are ready to negotiate. To get the negotiations off to a good start, try to make sure both you and your negotiation partner relax by making good natured small-talk – negotiations can sometimes be tense affairs, and it is important that both of you feel relaxed.

5.1 Identify Interests

As Chapter 2 showed, interest-based negotiation is likely to produce more workable and positive agreements and before you move on to sharing proposals with your negotiation partner, you need to learn more about his interests.

Identifying your negotiation partner's interests might not be as easy as it sounds because everyone is different and has different perspectives on life – not everyone wants the same as you! We often try to guess people's interests by asking ourselves "what would I want, if I was in their situation?", and we then go on to say or do something that we think will satisfy the other person. We practice the Golden rule: "treat others like you want to be treated".

This is a good method in negotiations when we are negotiating with people who are similar to us, and think the same way as us. But consider what can happen if we are negotiating with someone who is different from us:

Michael has arranged to meet with one of his best employees, Simon, because Michael is aware that Simon was considering taking a job with one of Michael's competitors. Michael is keen to keep Simon onboard and he uses the meeting to offer Simon a very generous pay increase and a good promotion. He could not believe his own ears when Simon turned his offer down. "How greedy can people be", Michael later fumed to his wife, "If he thinks I will offer him any more he is very much mistaken. In fact, I'm pleased he is leaving!!"

Did Simon say no to Michael's offer because he was greedy and wanted even more money? Here is what Simon told his friend after his meeting with

Michael; “My boss is just obsessed with work! I have a three-year-old daughter I hardly ever see and now he wants me to work even more. He knows I am thinking about leaving, but instead of cutting me some slack, he is promoting me so I have to work even more!! Does he seriously think more money and a promotion means more to me than my family? I’m really glad I got that offer from his competitor. They pay is less, but they offered me reduced hours and the chance to work from home so I can see my daughter more. That is more important to me”.

If Michael had taken the time to listen to Simon and understood his need for spending more time with his family, he might have been able to give Simon an offer that met his needs and did not cost Michael a penny. Instead, they fell out, because Michael only offered Simon what would have motivated Michael if he was in Simon’s shoes.

So when you are negotiating, try not to focus too much on what it would be like for you to be in your negotiation partner’s shoes (sympathy). Instead, seek to understand would it is like for the other person to walk in her own shoes (empathy). This is the Platinum Rule: *“treat others the way they want to be treated – or at least be aware of it”*.

When the negotiation partner get the sense that you are trying to understand where they are coming from, you will find that they often open up and give you far more information than you would otherwise get. This is because empathy satisfies the basic human need to be heard and understood.

5.1.1 Attention

It may seem obvious but to find out what is important to your negotiation partner, you need to pay attention. I would not mention this, if it wasn’t because so many people do not take this simple step.

It can be so easy for our minds to drift. It has been shown that our minds process information 3-4 times quicker than we speak and it is easy to become impatient and distracted when your negotiation partner is talking; “what are we having

for tea tonight? If I get out of here in half an hour, I can beat rush hour. That guy’s shirt looks familiar – my friend has one just like it” – and on it goes!

Apart from thinking about things that are completely unrelated to the negotiation, you might also become distracted because you concentrate on what you are going to say next. We all do it. We might nod, and pretend as if we are listening, but we are really just waiting for the other person to finish, so we can say what we want to say.

Our minds are always racing, but seek to be aware of your busy brain, and concentrate on your negotiation partner – otherwise you might miss important clues!

5.1.2 Body Language

You need to pay attention not only to your negotiation partners’ words, but also to their body language. Body language is also called non-verbal communication, because it is all the different things we say without saying a word!

By looking at someone’s body language you can often get a good idea about how someone feels about you and your ideas. For example, if your negotiation partner is staring out the window and looking generally distracted when you talk about the benefits of your organisation, there is a good chance your proposal is not meeting her interests. In that case, it is wise to stop talking and start asking more questions!

Looking at your negotiation partner’s body language can also make you aware that he might be saying one thing, but thinking something completely different! If people begin to avoid eye contact with you when they talk or start smiling nervously during a negotiation they might not be telling the whole truth. They could be agreeing to your proposal even if they are not at all happy with it, because they are conflict avoidant and do not want to offend you. As we have already mentioned, this can be a problem because your negotiation partner may be very hesitant to follow through on an agreement that does not meet his interests.

Alternatively, your negotiation partner may simply want to give you false information to gain an advantage and trick you into making an agreement you will later regret. If you suspect that the other side is not playing straight with you, you may want to use some of the methods mentioned in the “dirty tricks” section of Chapter 5.

However, be careful not to jump to conclusions too quickly. Just as we cannot always guess what people’s interests are, in the same way we cannot always guess what people’s body language means. The person staring out the window is not necessarily disinterested in your proposal, but instead he might:

- ★ be concerned about having his car broken into
- ★ have spotted a good friend that he has not seen in years
- ★ be considering your proposal in further depth and giving himself a bit of thinking space by looking out the window.

In the same way, just because I avoid eye contact when I’m lying does not mean other people are lying when they are not looking me right in the eyes.

Not jumping to conclusions is particularly important when you are negotiating with people from a different culture. In some cultures it is considered rude to look people directly in the eyes, and people from some countries will shake their head to show they are listening and agreeing – this can be quite confusing if you think all people use the same body language as you!

So be aware of your negotiation partner’s body language and use some open questions (see next section) to help you understand how to interpret body language that confuses you or sudden changes in body language.

In the same way be aware of your own body language. If you appear uninterested your negotiation partners are not likely to give you much information. If you know that you will be negotiating with people from different cultural backgrounds, you may want to do a little bit of research on what will be culturally appropriate – just in case there is a risk they will misinterpret your body language. But don’t worry if you are

uncertain about how best to show that you are listening and respectful – if something goes wrong it is not the end of the world. Be willing to make mistakes and learn from them.

5.1.3 Questions

One of the most effective ways to gather information is to ask “open” questions. Open questions cannot simply be answered by a yes or no - the reason they are called open is because the person you are asking can go in any direction with the answer. Here are some examples:

- ★ How did you feel about that?
- ★ What are you hoping to get out of this?
- ★ What happened next?
- ★ Why is that important to you?
- ★ Why do you think he did that?

(Why-questions can sometimes come across a bit aggressive or accusatory. You can soften them up by saying; “could you help me understand why that is important to you?” or “tell me more about why you think he did that”)

Open questions encourage your negotiation partner to keep talking and you are therefore likely to get far more information than if you only give her the opportunity to answer yes or no.

Using open questions is a great way to show your negotiation partner that you are interested in them and their situation, because open questions give them a chance to talk about what is important to them. Sometimes you will be the first person that has taken the time to really understand your negotiation partner’s situation and don’t be surprised if she cannot give you immediate answers to your open questions. Give your negotiation partner space and time to think – don’t feel like you have to break a long silence with further questions and comments.

Open questions are best suited to gather information but you can also use “closed”, or yes/no questions, to gain clarification or commitment during the negotiation. Here are a few examples:

- ★ Are you paying before or after delivery?
- ★ Are you happy with this agreement?
- ★ Did you say he returned before midnight?

5.1.4 Summarise

A great way to show your negotiation partner that you are truly listening to him is to summarise what he has said. Let him speak for a bit and then summarise his main points. You could say something like; “so what I am hearing you say is.....”

You can do a “parrot-summary”, where you literally repeat back word for word what your negotiation partner has said. A more effective summary would focus on the underlying interests in his statements. Consider the difference between the two approaches:

Mike: *I am sick and tired about cleaning up for everyone else in this office! Everybody seems to think I'm their slave, but I can't see, why I have to wash the mugs every time.*

Parrot-summary: *So what I'm hearing is that you are sick and tired about cleaning up for everyone else in the office. You think everybody thinks you are their slave, and you can't see why you have to wash the mugs every time.*

Interest-summary: *So what I'm hearing is that you are frustrated with often having to wash the mugs. You do not feel you are respected and valued in the office, and you would like a fair system for sharing the load.*

By doing an interest-summary you show your negotiation partner that you have not only heard what he said, you have also understood what is important to him. It is a great feeling to be fully understood and if you can successfully summarise your negotiation partner's statements, he is more likely to feel comfortable and give you even more information.

Here are a few other benefits of summarising;

- ★ It gives you the opportunity to make sure that you have understood the other party. If you have not, people can correct you and you will have learned more about the party's interests.

- ★ Forces you to stay alert and focus your busy brain. When you summarise you bring together the speaker's main points, facts and feelings and you need to concentrate to do that!
- ★ It validates what is important to the speaker and makes them feel heard and valued.
- ★ Keeps people from going round in circles. If people keep repeating themselves it is usually because they do not feel heard.

At first it may seem a bit strange to summarise the other party's statements and you may feel like you are patronising him or making fun of him. But trust me, it really works!! There is no better way to show your negotiation partner that you are listening.

If you have followed all the steps and still learned nothing about your negotiation partner's interests it may be because he does not trust you yet and is therefore waiting for you to make the first move.

If your negotiation partner is waiting for you to make a good-will gesture do not be afraid to make one. However, don't feel as if you have to reveal all your interests at once, but give your negotiating partner something and invite him to do the same. You could say something along these lines; “My interest is.....How does that fit with your interests?”

If your negotiation partner then opens up and gives you information in return, you can take another step forward and invite him to do the same – this way trust builds up and you will have a more productive negotiation.

If your negotiation partner gives you little or no information in return you should proceed with caution. Don't feel you have to give more and more information without getting anything in return – the other side may simply be milking you for information which they can use to their advantage.

5.2 Making Concessions

In negotiations it is generally a good rule of thumb not to give anything without getting something of equal value in return. The parent may give the child a sweet and get peace of mind in return. The boss may give more holidays and get happier and more effective employees in return.

However, if you have to give one-sided concessions, you should start small and make any further concessions smaller and smaller. This will show the other side that you are willing to make concessions, but that they should not expect you to move too much without getting anything in return. For example; if you are selling a house for £100,000 and your negotiation partner keeps asking for a lower price you can make the following concessions:

- ★ First concession: £3,000
- ★ Second concession: £1,000
- ★ Third concession: £500

It is often easy to feel pressured into giving large concessions. Firstly, because we want to be liked and we think a generous gift will make people think better of us. But if you are dealing with an experienced negotiator, he is more likely to see you as an easy target than a nice guy, and he will just continue to push you for even further concessions.

Secondly, most of us can find negotiations stressful and uncomfortable wanting them to finish as quickly as possible. If you feel pressured into something you are not happy with, ask for a break and leave the room. This way the urgency to agree to something becomes less pressing and you can think more clearly. If someone asks you to give a big discount, say £1000, you can also think about how much time and effort it took you to make that £1000!

5.3 Keeping Your Cool

During tense negotiations it is easy to become angry or defensive if we feel someone is personally attacking us or our ideas. If we respond by attacking our negotiation partner he is likely to get even more angry at us and round and round it goes until everyone is shouting and no-one is listening.

You are unlikely to get what you want out of shouting match and you are better off trying to diffuse a situation. Here are some tips you can try if the other side gets angry during negotiations:

- ★ Hear them out. Give the other side a chance to “let off steam” and don’t try to interrupt – even if you feel the other side is wrong or insulting.
- ★ Let them know that you have heard them. Use the summarising techniques we looked at in Section 4.1.4.
- ★ Agree wherever you can. Even if you disagree with most of what the other side is saying you can focus on the issues on which you already agree and repeat those issues back to the other side.
- ★ Offer an apology. Angry people often just want an acknowledgement that they have been wronged and if you give one swiftly and sincerely it will often diffuse the tension.

5.4 Dealing with Dirty Tricks

Every now and again, you come across the ultimate competitive trader, who will use any trick in the book to gain as much as possible for himself regardless of how the agreement suits your interests. This section gives you a selection of the most common tricks and suggestions for how best to deal with them.

Good Cop / Bad Cop.

You have probably seen it on TV. Two policemen are interrogating a suspect, and the first policeman starts screaming, banging his fist in the table and orders the suspect to start talking. The second policeman tells his colleague to calm down and leave the room and then begins to befriend the suspect, saying that he would like to help him, but that he might not be able to control his colleague for much longer. The suspect then predictably begins to talk.

Here is how the trick might look in negotiations. *Frank and Andy are selling a car to Abdul and they have decided to put on a bit of a show to get the best possible price:*

Frank: “This car is worth at least £10,000 and there is no way we are selling it for less. Don’t think you can haggle with us – its £10,000, take it or leave it!”

Andy: “Come on Frank, let’s be reasonable here. Abdul is a nice guy and the car is looking a bit rusty in places. Why don’t we sell it for £8,600?”

If you are faced with such a double-act, the first thing you need to do is to identify what is going on and then call their bluff in a polite way that does not come across accusatory.

This will often diffuse the situation and the other party knows that you are on to their game:

Abdul: *“Ha ha, this is the best good cop / bad cop routine I have seen in years – well done guys! Now should we look at what the car is actually worth?”*

I’m Your Friend.

Sometimes people will try to use emotional blackmail to make you give concessions, by suggesting they are your friend. Don’t fall for this. There is a difference between being friendly towards those you do business with and your true friends.

A Little At a Time.

In negotiation people might ask for a number of tiny concessions. Each of them may look insignificant, but if you add them all up, you realise that you have given a lot away! The best way to deal with this is to make it clear to people that you do not give anything away without getting something in return.

You can use the phrase:

“If you do, I will consider giving you.....”.

Last Minute Grab.

Your negotiation partner might casually ask for a further favour at the end of the negotiation when you are usually relaxed and don’t expect further issues to arise. You can then end up giving concessions either because you are not paying attention, or because you don’t want to rock the boat after an otherwise successful negotiation.

Examples of the “last minute grab” could be; “you are paying for postage and packaging, right?” or “I’m assuming you will cover the costs, if something breaks?”.

So stay concentrated right to the end of a negotiation and if the other side makes requests you can either politely refuse or ask them what they would be prepared to give in return.

5.5 Developing Sustainable Agreements

Once you have moved towards an agreement with your negotiation partner it is important that you finish off well so that the agreement will stick in the long run. This section gives you a few ideas about what you need to focus on to ensure that you enjoy lasting benefits of your hard negotiation work.

Be specific and detailed.

A lot of agreements later break down because the agreement language was vague or the agreement left out important details. Consider the following agreement between an office manager from the Friendly Bank and LK Office Furniture:

“Friendly Bank agrees to pay LK Office Furniture £40 each for 8 chairs and £100 each for 8 desks”.

On the surface the agreement looks fine but there are a number of factors missing. When will the furniture be delivered? Who is responsible for transporting the new furniture to the bank? What will happen to the old furniture? Is there a warranty on the furniture? When will Friendly Bank pay LK Office Furniture for the goods?” The list could go on for some time.

To avoid differing interpretations or misunderstandings in the future you should seek to make your agreements as specific and detailed as possible. It might make you look a bit up-tight or untrusting during the negotiations but it really can save you a lot of headache later on.

Get it in writing.

Many agreements have later broken down because the negotiating parties never got any of their agreements down in writing. Verbal agreements can be tricky because people will often later disagree on what was agreed during the negotiations. It is completely normal for us to have different recollections of what has happened in the past, so even two parties acting in perfectly good faith can later fall out over what was agreed. But you will also come across people who purposefully “forget” what they agreed to do.

To avoid future problems make sure you put everything in writing at the end of the meeting and get approval from everyone involved that what you have on paper is accurate.

Ensure that all stakeholders are present.

We have already seen that we negotiate because we cannot impose our decisions on people. As a negotiator it is therefore important to make sure that everyone who is going to be affected by the agreement is represented at the negotiating table. If important people are left out, they may later sabotage your agreement – either because they disagree with what you are asking them to do, or simply because they are angry that they were not invited to the negotiations.

Ensure your negotiation partner has authority.

Agreements sometime fail because the people at the negotiation table did not have sufficient authority to make decisions. If you negotiate with someone who does not have the final say, there is always a risk that the person with more authority will reject the agreement and you are back to square one. If you have any doubt that your negotiation partner has the necessary authority, do not be afraid to ask a direct question, such as “how do you usually make these decisions within your organisation?” or “will you be the person signing this contract?”.



6 CNet, Bradford and District Community Empowerment Network

What we do:

CNet

CNet is a Community Empowerment Network. We work with agencies across Bradford to ensure that the views of voluntary and community groups and individual advocates are heard on key decision-making partnerships.

Partners

We work with a number of partners across the District to help plan and improve the delivery of services.

Individuals

- ★ We offer support and training for individuals who want to engage in community advocacy and public decision making.
- ★ We promote the benefits of getting involved in groups and networks.

Groups

- ★ We support groups by providing small grants to enable them to fund an idea or project which will benefit the community.
- ★ We link groups to networks and encourage them to share information and good practice.

Networks

- ★ We work with existing networks and get actively involved in the development of new ones.
- ★ We distribute a wide range of information for networks to share with their members.
- ★ We provide meeting facilities and resources.

How to find us

385 Canal Road,
Frizinghall, Bradford,
West Yorkshire BD2 1AW
Tel: 01274 714144
Fax: 01274 714140

Email: contact@cnet.org.uk

Check our website: www.cnet.org.uk

You can also download a copy of this booklet and others in the series by going on our website.



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