

Session Objectives:

- Approaches to negotiation
- Preparing for negotiation
- Conducting the negotiation

Approaches to negotiation

Negotiation takes place when two parties make an attempt to arrive at a solution that is acceptable to both the parties. The objective of negotiations is to help resolve conflicts. They are seldom conducted in a formal manner. Negotiations are not expected to produce miracles. If handled skillfully, they can bring about amicable solutions.

There are various approaches to negotiations. These are:

Bargaining orientation: In this approach, only one party can achieve its goals. This approach produces winners in one party and losers in the other. Therefore, this approach is also known as win-lose approach. It is the most appropriate solution when the interests of the other party clash with that of yours. Adopting this kind of approach creates a competitive environment.

Example: When buying or selling a used car, the negotiations between the selling and the buying party involves a lot of bargaining. While the party that is selling the vehicle tries its best to obtain the highest price for the vehicle, the party that is purchasing the vehicle will try to do it at the least possible price.

Lose-lose orientation: A lose-lose kind of orientation is adopted when one party begins to feel threatened by the outcome of the negotiation and reacts in such a manner that jeopardizes the interests of the other party as well. The outcome of the negotiation is that no one is a winner.

Example: Consider a situation where an organization demands that all its employees acquire new skills otherwise quit the organization. The employees, on the other hand, demand that they be given more time to consider the impact of the decision. However, the organization is adamant in its stance, while at the same time, the employees too won't budge from their demand for more time. By adopting this kind of approach, both the organization as well as the employees end up losing something. While the organization loses some extremely talented employees, the employees likewise end up losing their job.

Compromise: In a compromise, both parties tend to lose a bit of what they originally seek. Although it is not always the best outcome, compromise results in delivering partial satisfaction to all the concerned parties.

Example : A fresh MBA graduate is looking for a job. He wants to work for any of the top ten companies in the country, which offers a 5-digit starting salary, and has a 5-day week. During his search for a job, the student comes across a company which has advertised for an executive having an experience of at least 2 years, is ready to offer a 5-digit starting salary and has a 5-day week but doesn't figure in the top ten companies in the country. The student compromises on one of his criteria and applies for the job. In the interview, he fares better than all the others. The company, too, compromises on its experience requirement and hires him.

Win-win orientation: This is a collaborative approach to negotiation. This kind of approach works when the parties to the negotiation do not have conflicting interests. Amicable solutions can be arrived at only when the goals of the negotiating parties are compatible. This is the most desirable negotiating style because it brings satisfaction to all the parties involved.

Example: An organization has hired a headhunting firm to locate the right person to head its production department. The firm locates such a person from its database and earns for itself a good sum of money. This is a win-win situation for all the parties involved. There are no conflicting interests and all the parties are satisfied by the outcome of the negotiation.

For a win-win orientation to work, the following five steps have to be followed:

- **Determine the needs of both parties:** A win-win orientation is a collaborative style of negotiation wherein goals of both the parties are achieved. Therefore, in a win-win approach, it is necessary to identify the needs of the other party so as to reach a mutually acceptable solution.
- **Develop a list of possible solutions:** Having identified the needs of both parties to the negotiation, the possible solutions that will fulfill everyone's needs are identified and listed.
- **Choose the most appropriate solution:** The various solutions identified in the previous step are individually evaluated, and the most appropriate solution that will satisfy everyone's needs is chosen.
- **Implement the solution:** Having chosen the most appropriate solution, it is communicated to all the parties to the negotiation and after ensuring that everyone understands it, it is implemented.
- **Follow up on the solution:** A follow up procedure is essential for even the best solutions. By monitoring the implementation of the solution, it can be determined whether it is successfully satisfying the needs of all the parties involved or not. If it is found that the solution has failed to satisfy everyone's needs, the negotiating parties can once again go back to the problem-solving stage and identify another more appropriate solution.

Preparing for negotiation

Being well-prepared is important for the success of any endeavor. Similarly, in a communication process too, being well-prepared generates confidence and provides an edge over the other party.

Preparing for a negotiation involves several activities:

Understand the people involved: In the process of negotiations, it is important to know about the other person and the organization he/she represents. It is also essential to know their objectives and whether they are the ultimate decision makers in their organization or not. If you are perceived to be an influential person in the organization, the other party is likely to treat you with respect. The confidence and authority displayed by a person's professional conduct, contributes to enhance his importance and recognition.

Example: When trying to sell a product to organizations, marketing executives try to gather information about the person with whom they are interacting. They try to find out the role of the person in the organization and also whether he happens to be the decision maker in the organization. The marketing executive can decide on the kind of approach he should adopt while negotiating the sale by preparing in advance by obtaining all the relevant information.

Know your objectives: Clarity of objectives is an essential requirement to succeed in negotiations. The objectives should be listed and prioritized. You should be ready with facts and figures to support your arguments and to answer the queries raised. Following these steps will ensure that better results arise out

of negotiations.

Conducting the negotiation

Negotiation involves the use of tactics and smart interpersonal behavior. There are certain tradeoffs in negotiation. Such tradeoffs are referred to as concessions. Skillful negotiations are marked by the knowledge and use of these concessions.

There are essentially four important principles in the process of negotiations.

These are:

Aim high: When you aim high, it is always possible to trade down and arrive at a consensus. If you initially aim low, then you will find it very difficult to trade up later during negotiations.

Get the other person's shopping list: If you are aware of what the other person wants, then you can negotiate tactfully and achieve your goals.

Keep the whole package in mind: Focus should be on the total issue as a whole and not on your single view or the view of other parties.

Keep searching for variables: Maintaining a flexible approach during negotiations will help in the exploring new alternatives that may be beneficial to the negotiators.

The ultimate success of a negotiation depends on the rapport between the concerned parties. Negotiation is all about good communication skills, good listening abilities and good interpersonal skills.

Summary

Negotiations form a crucial part of conflict management. There are a variety of approaches to negotiating and requires the negotiator to utilize all his persuasive skills to resolve the issue while avoiding jeopardizing relationships with the opposite party.