

# Effective negotiation

## Session 1

### Planning and preparing for negotiations



# Learning objectives

At the end of this session candidates will be able to:

- define the term 'negotiation'
- describe the different phases of negotiation in order to identify the range of preparatory activities
- review the purchasing context for negotiations in order to understand the supplier organisation
- identify the range of supplier information required to underpin a negotiation
- produce a SWOT analysis in order to support a negotiation
- analyse the market using the PESTLE framework in order to support a negotiation
- identify the supply and demand factors that could impact upon a negotiation
- apply an appropriate supply and demand formula to a range of scenarios.



# Negotiation situations

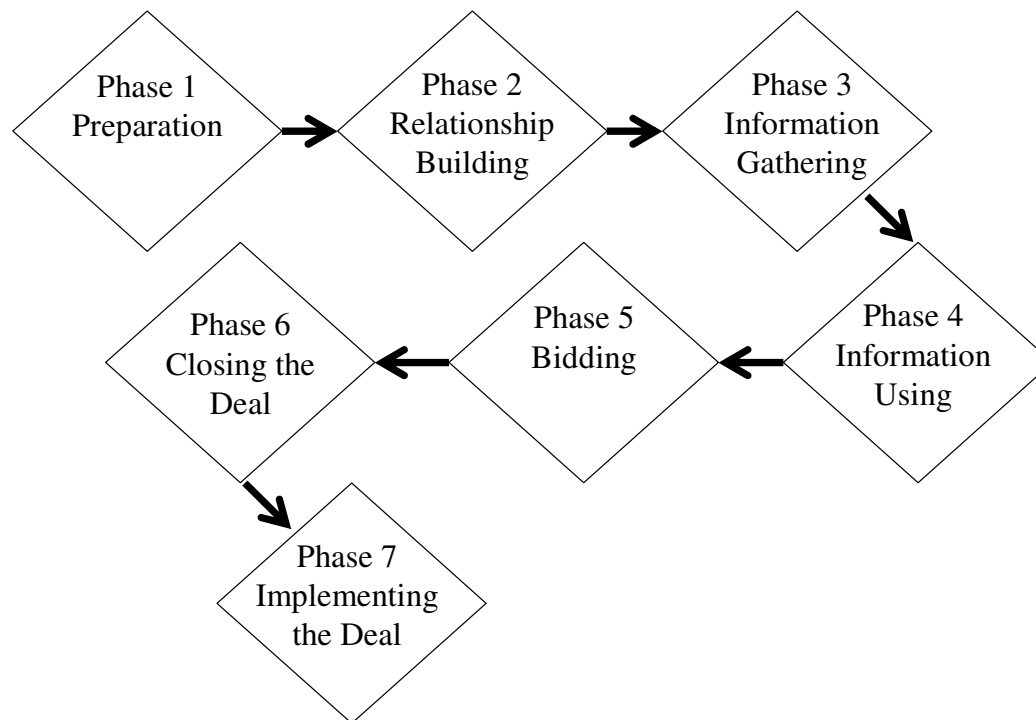
To discuss with a view to mutual settlement  
(Collins English Dictionary)

- Two or more parties
- Conflict of interest
- Willingness to negotiate
- Need to seek agreement
- Better outcome through influence and persuasion
- Parties seeking to satisfy tangible and intangible outcomes.



# Phases of negotiation

(Diagram from workbook by Tracey G Harwood)



Source: adapted from Greenhalgh 2001

# Drivers for change in purchasing

- Technological advances
- Quality and customer focus
- Globalisation
- Insourcing and outsourcing
- Strategic cost management
- Supplier relationship development and network management
- Value chain and added value focus.



# Impact on negotiation

- Fluctuating prices
- Time preferences
- Dynamics in exchanges
- Relative interests of each party
- Risk aversion factors
- Bargaining power
- Constraints of macro-environment and organisational policies and procedures.



# Negotiation

- Pre-contract
- Contract agreement
- Contractual and relationship review.



# PESTLE

- Political
- Economic
- Socio-cultural
- Technological
- Legislative and regulatory
- Environmental and ecological.



# SWOT

- Strengths (internal)
- Weaknesses (internal)
- Opportunities (external)
- Threats (external)

*How should a SWOT analysis be used to assist negotiation?*

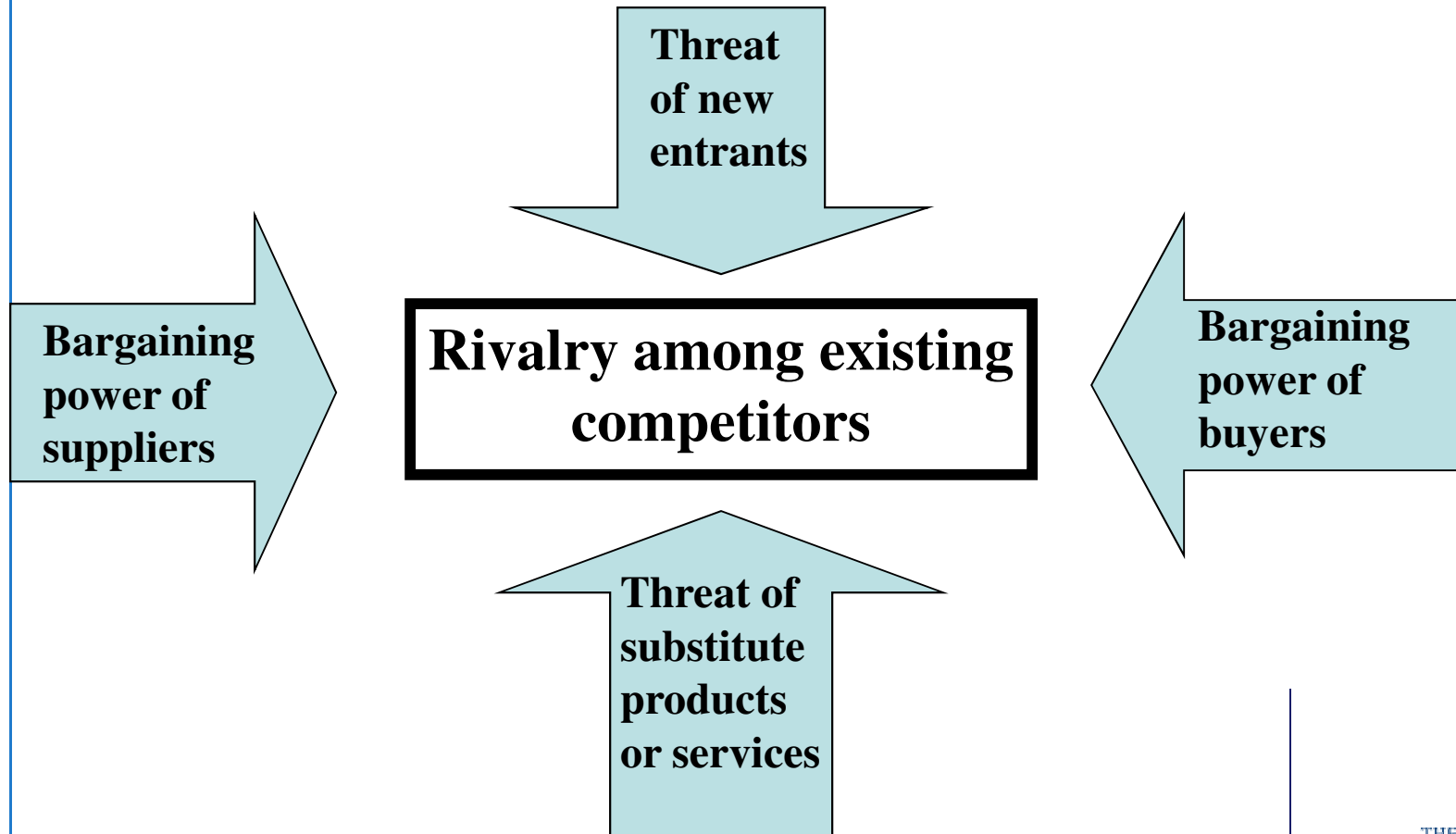


# SWOT analysis

	Positive		
Internal Capabilities	<b>Strengths</b> Positive internal features which allow opportunities to be exploited	<b>Opportunities</b> Positive external features which could be exploited to improve the organisation's competitive advantage	External Environment
	<b>Weaknesses</b> Negative internal features could prevent opportunities being exploited and allow rivals to gain advantage	<b>Threats</b> Negative external features which can cause disadvantage if the organisation is weak but which could be advantageous if it is strong	
	Adverse		

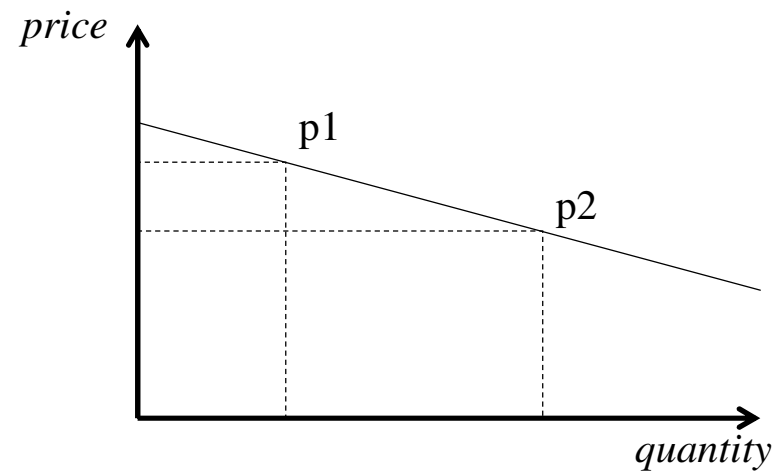
# Porter's 5 forces

(Michael Porter, 1985)



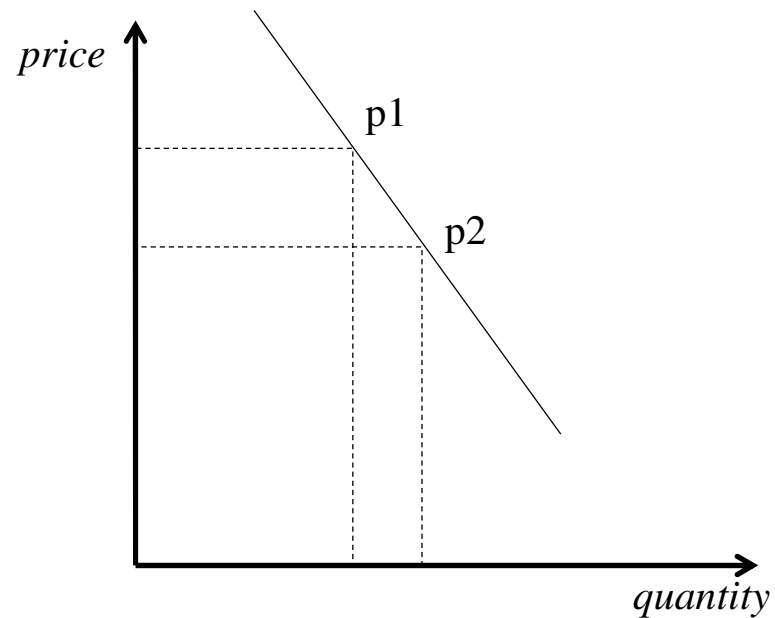
# Price inelasticity of demand

(Diagram from workbook by Tracey G Harwood)



# Price elasticity of demand

(Diagram from workbook by Tracey G Harwood)



# Price elasticity of demand

Can be calculated from:

- Expert judgement
- Customer surveys
- Econometric studies (Market data and studies)
- Experimenting with price!

Price elasticity =

$$\frac{\text{\% change in quantity demanded}}{\text{\% change in price}}$$

*Why is it useful to understand price elasticities when preparing for negotiation?*



# Effective negotiation

## Session 2

Planning and preparing for a negotiation

Financial tools for negotiations



# Learning objectives

At the end of this session candidates will be able to:

- undertake risk assessment to prepare for negotiations
- assess legal information and its implications for negotiations
- identify and calculate elements of fixed and variable costs to prepare for a negotiation
- examine different perspectives on fixed and variable costs.



# Risk assessment

(Drummond and Ensor 2003)

- Routine products – low risk
- Procedural problem products – adoption risks
- Performance problem products – needs and compatibility risks
- Political problem products – ‘ownership’ risk.



# Legal terms

- Express terms
- Implied terms
- Statutory terms
- Illegal terms.



# Legal framework

- Sale of Goods Act 1979
- Supply of Goods and Services Act 1982
- Data protection Act 1998
- Fair Trading Act 1973
- Competition Act 1980
- Unfair Contract Terms Act 1977
- Limitation Act 1980.



# Negotiating a contract

When negotiating a contract there will be:

- issues or preferences that are important for the supplier (no penalties for late delivery)
- issues or preferences that are important to for purchaser (ownership of goods ASAP).

Terms will therefore vary from contract to contract according to the outcome of Negotiations.



# Terms and conditions

- Express
  - Implied
  - Statutory
  - Unlawful
- 
- Exclusion or limitation clauses
  - Retention of title clauses
  - Penalty clauses.



# Core clauses

- Terms of payment
- Time of the essence
- Confidentiality and data protection
- Insolvency and bankruptcy
- *Force majeure*
- Dispute resolution
- Termination for breach.

*Caveat Emptor!*

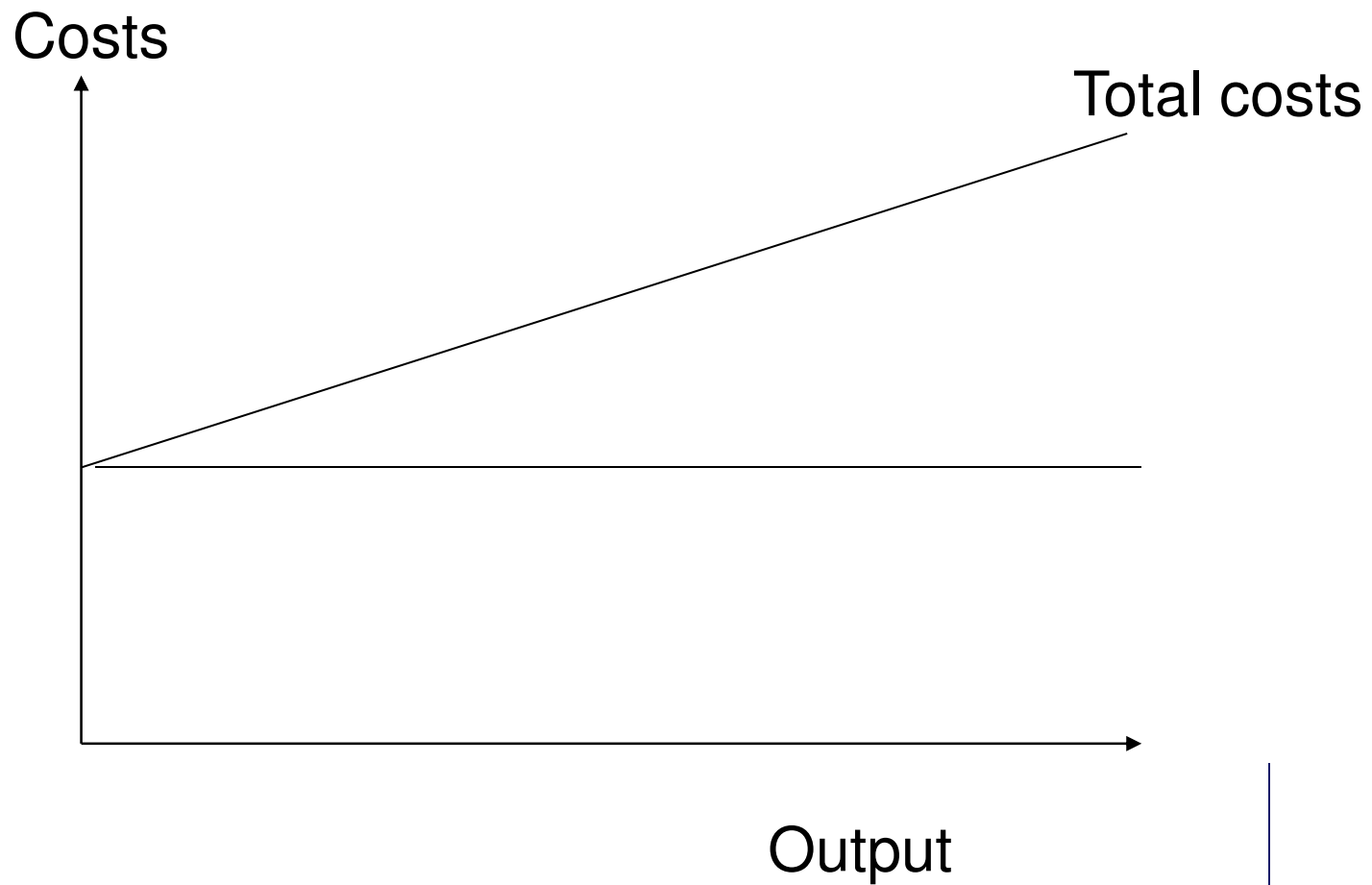


# Costs

- Fixed costs – do not vary with output (rent, rates)
- Variable costs – vary with output (materials)
- Total costs – sum of costs.



# Costs



# Semi-variable costs

Semi-variable costs include a fixed and a variable portion, such as telephone, which includes a 'standing charge' and a variable cost factor which increases with increased use.

Use the following formula to identify the two components:

*Difference in costs at two production levels*

*Difference in production volumem.*



# Example

Calculate the fixed and the variable cost components of power (electricity) for the following:

making 500 units total cost of power  
= £6000

making 1500 units total cost of power  
= £8000.



# Pricing methods

- Full-cost pricing
- Contribution pricing
- Mark-up pricing.

*Why is it important for purchasing negotiators to understand how prices have been calculated?*



# 'Open book' costing

## Advantages:

- openness reduces conflict
- greater reliance on negotiating skills
- focus on value for both parties
- potential to further develop relationship.

*What disadvantages might there be?*



# Effective negotiation

## Session 3

### Financial tools for negotiations



# Learning objectives

At the end of this session candidates will be able to:

- identify total costs and its constituents
- differentiate between capital goods, consumables and materials and their value to and impact on the business and its operations
- identify and calculate the components of typical costing models
- identify techniques for financial benchmarking
- calculate and graphically demonstrate breakeven.



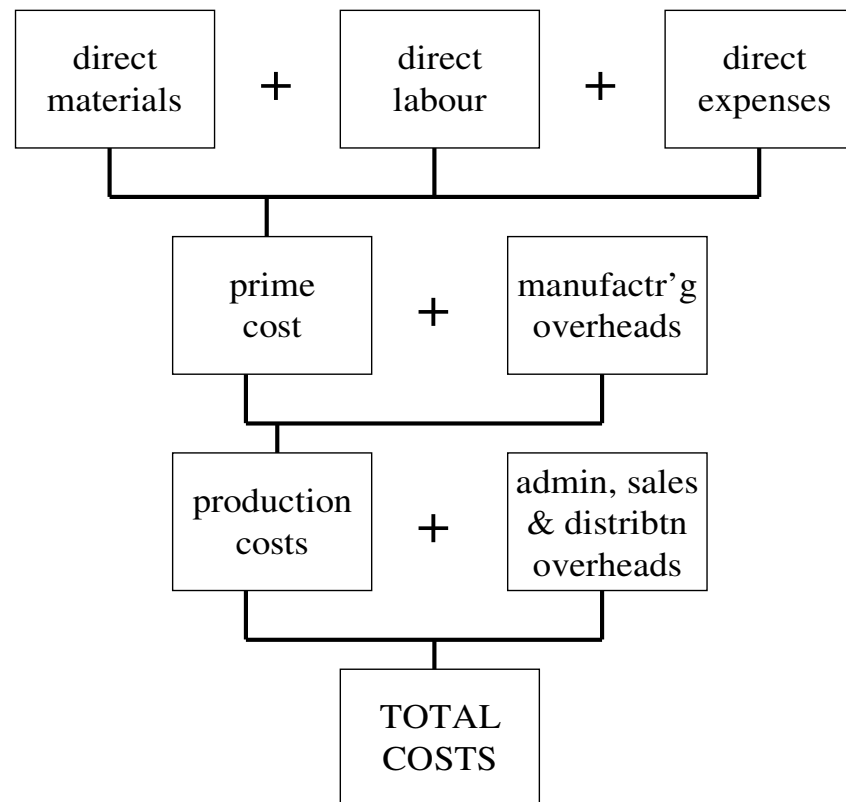
# Costs

- Direct costs – directly link to a specific product or service such as material, labour and expenses (prime costs)
- Indirect costs – cannot be directly related to a specific product or service.



# Costs in manufacturing

(Diagram from workbook by Tracey G Harwood)



# Overheads

- Production
- Sales and distribution
- Administration.

*When is absorption costing used in your organisation in a purchasing context?*



# Transfer costs

(Lambin 2000)

- Incorporating the new product into organisation's production or operations
- Setting up new purchasing arrangements
- Additional equipment
- Training or other support.



# Services

- Why is costing services different to costing the making of a product?
- How are services costed in your organisation – or one you know well?



# Suppliers perspective

The strategy used for costing and providing prices by suppliers depends on what they want to achieve:

- increased volume
- improved profitability (ROI)
- competitive parity.

Why is it important to understand the supplier's motives in a negotiation?



# Goods and services

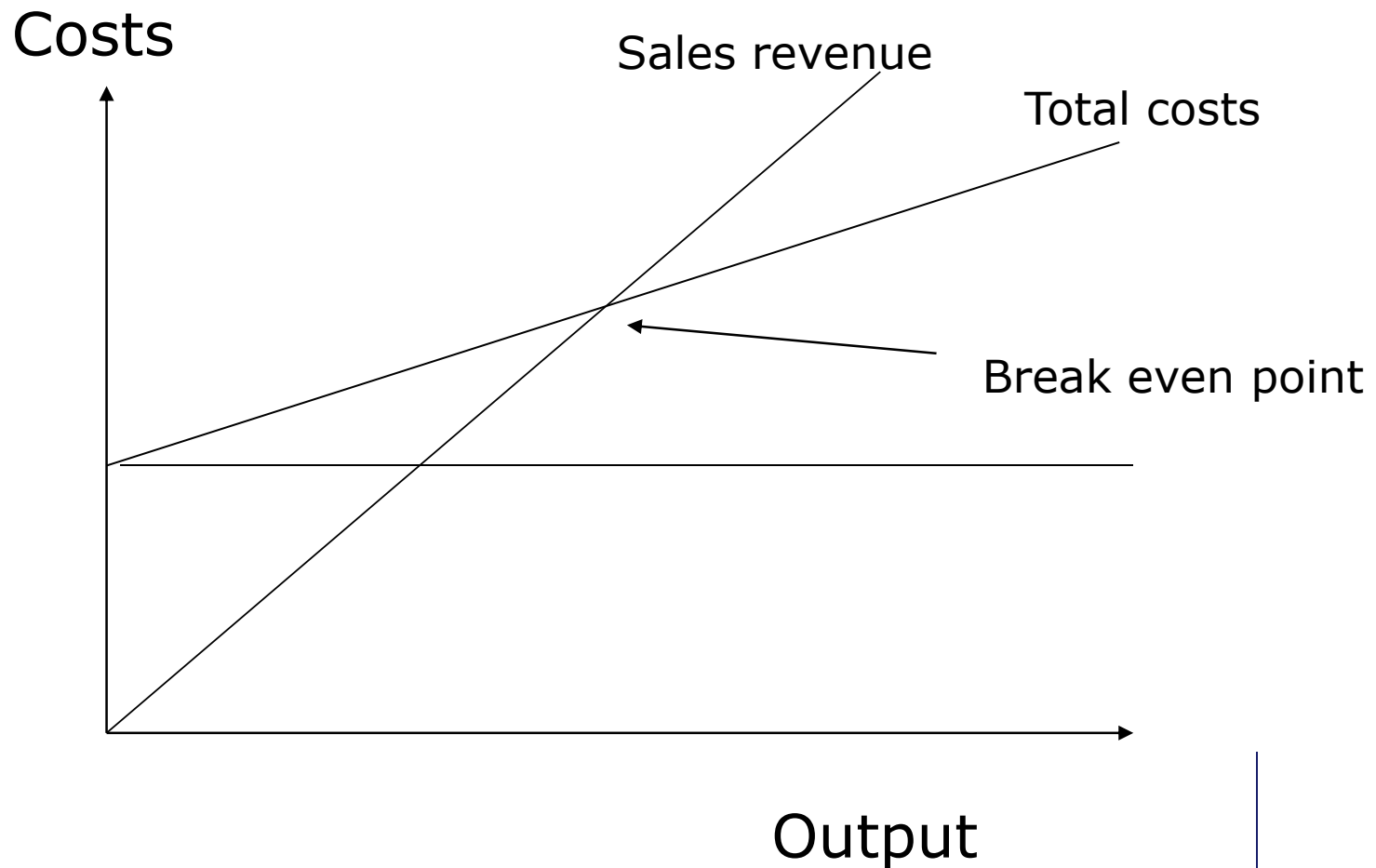
(Van Weele 2000)

- Raw materials
- Supplementary materials
- Semi-manufactured products
- Components
- Finished products
- Capital equipment
- Maintenance, repair, operations supply (MRO)
- Services.

Purchasing add value to the organisation through cost effective and efficient negotiation.



# Breakeven point



# Formulae

Sales revenue – variable costs = contribution

Contribution – costs = profit (or loss)

Break even = fixed cost contribution

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*When is marginal costing used in your organisation in a purchasing context?*

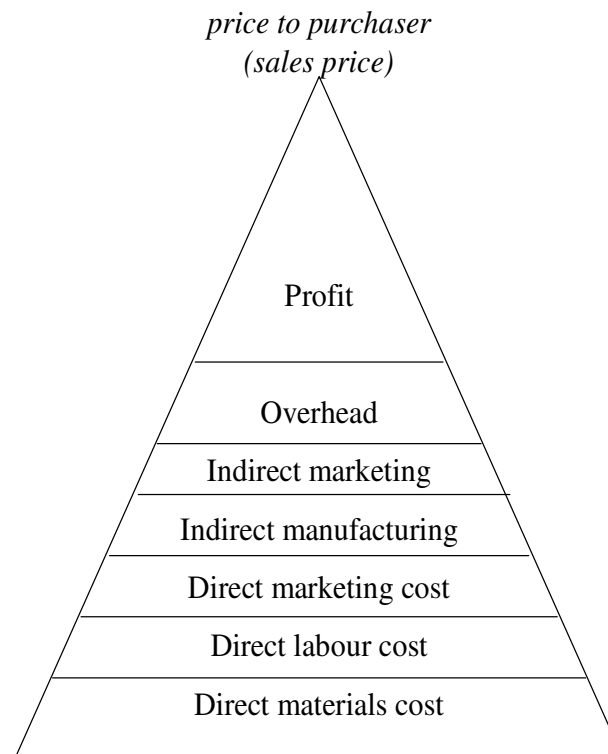
# Just in Time (JIT)

- Reduces stock handling and storage costs
- Reduces risk of obsolescence and therefore reduces waste
- Reduced stock holding costs
- Lower investment required
- Reduces overall costs if product quality improves.



# Typical Cost Model

(Diagram from workbook by Tracey G Harwood)



**Based on  
Lambin 2000**

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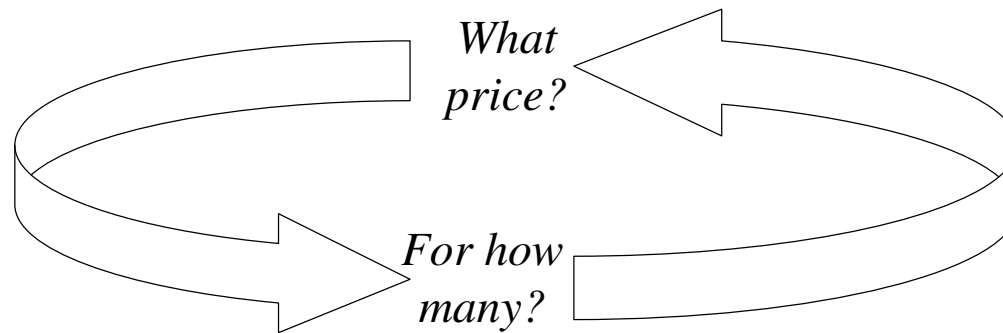
# Cost-based pricing

- Minimum price ('Floor price')
- Break-even price
- Mark-up price
  - $\text{Mark-up price} = \text{Break-even price} / (1 - \text{desired Mark-up})$
- Target price
  - $\text{Target price} = \text{Direct Cost} + (\text{Fixed Cost} / \text{Expected Sales Volume} + \text{Expected Rate of Return on Capital Invested} / \text{Cost} / \text{Expected Sales Volume})$



# Circular logic of pricing

(Diagram from workbook by Tracey G Harwood)



# Financial benchmarking

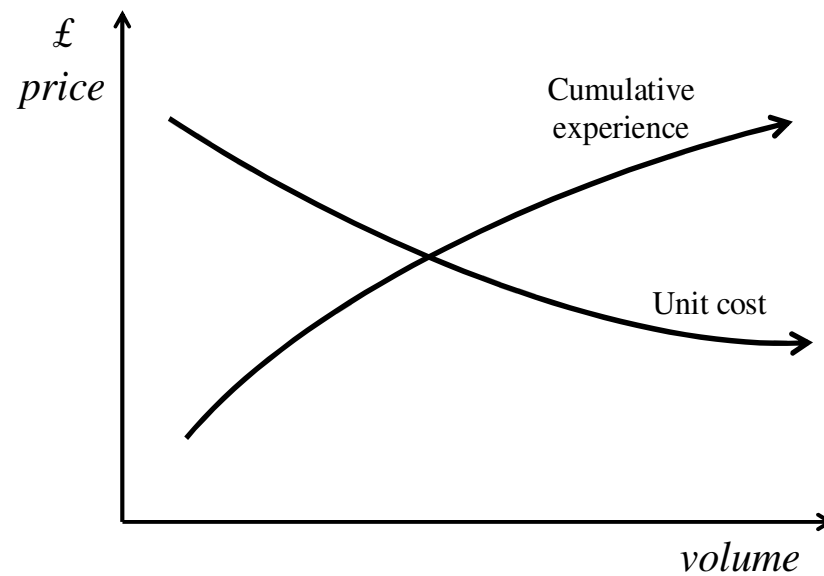
- Performance ratios
- Financial status ratios
- Investor ratios

Why is it important to identify strengths and weaknesses of suppliers when preparing for negotiation?



# Experience curve

(Diagram from workbook by Tracey G Harwood)



# Effective negotiation

## Session 4

### The negotiation process – approaches and strategies



# Learning objectives

At the end of this session candidates will be able to:

- develop a negotiation strategy
- identify alternative approaches to negotiation
- set targets and compose ranges for negotiation variables
- establish the bargaining position
- identify and describe typical negotiation tasks
- identify resources for the negotiation stages
- evaluate the role of resources for managing a negotiation
- describe BATNA and its use in negotiation.



# Negotiation goals

(Lewicki et al 2003)

- Goals of both parties must be linked to create a base for negotiation
- Boundaries must be set by both parties
- Goals must be measurable so achievement can be identified.



# Negotiation outcomes

		Buyer (or employee)	
		WIN	LOSE
SELLER (OR MANAGER)	WIN	Both are winners	Buyer loses seller wins
	LOSE	Seller loses buyer wins	Both parties lose

# Distributive approach

Agreement is reached by:

- one side winning and the other losing
- head-to-head adversarial approach
- competitive and inflexible negotiation
- characterised by conflict and disagreement.



# Collaborative approach

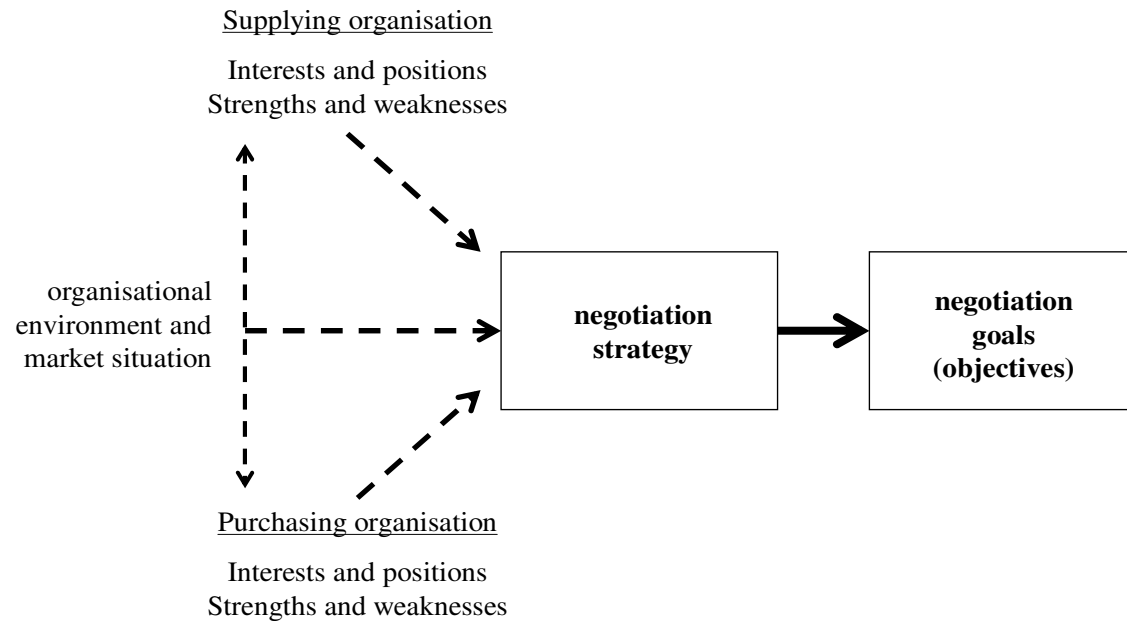
Agreement is reached by:

- expanding the pie
- logrolling
- non-specific compensation
- bridging
- cost cutting.



# Negotiation strategies

(Diagram from workbook by Tracey G Harwood)



# Negotiation strategies

- Collaborate
- Compete
- Accommodate
- Avoid
- Compromise.

*Based on Ruble and Thomas 1976.*



# BATNA

(Fisher and Ury 1991)

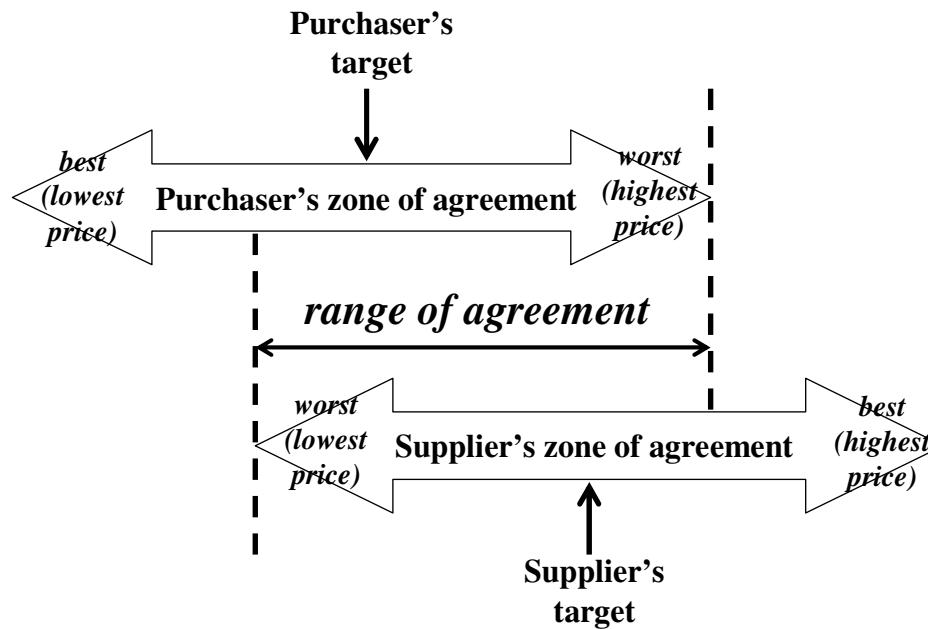
- BATNA = Best alternative to a negotiated agreement
- When preparing to negotiate there is always the alternative not to negotiate
- BATNAs are an important negotiating tool and can be used to set and clarify 'the bottom line'.

*What might be the limitations of a BATNA?*



# Zones of agreement

(Diagram from workbook by Tracey G Harwood)



# Influences on negotiations - effect on bargaining position

- Skills and knowledge of negotiators
- 'Bottom line' requirements
- Negotiating styles
- Level of authority
- Stage of relationship
- Results of analysis of performance and reputation
- Negotiation history
- Norms of behaviour/cultural differences.



# Negotiation interests

(Lax and Sebenius 1986)

- Substantive – resource related
- Process – personal motivation
- Relational – how much each wants to pursue and develop the relationship
- Principles – related to issues of fairness.



# Collaborative or integrative approach

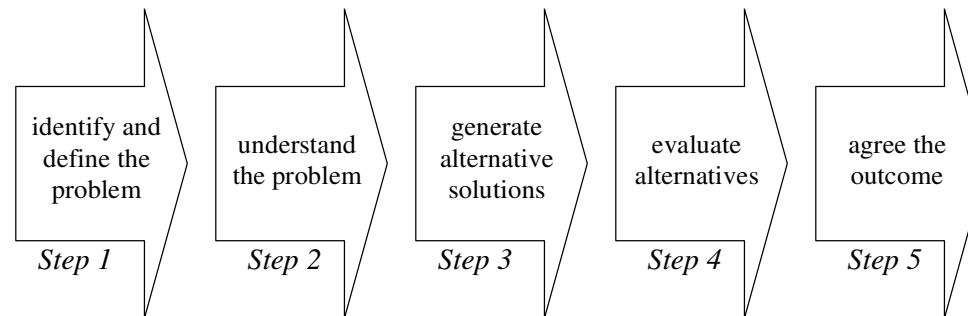
Agreement is reached by:

- parties sharing information
- maximising joint outcome – win/win
- trust and openness – focus on the longer term prospects of working together.



# Integrative meeting

(Diagram from workbook by Tracey G Harwood)



Based on Lewicki et al 2003

# Distributive or competitive approach

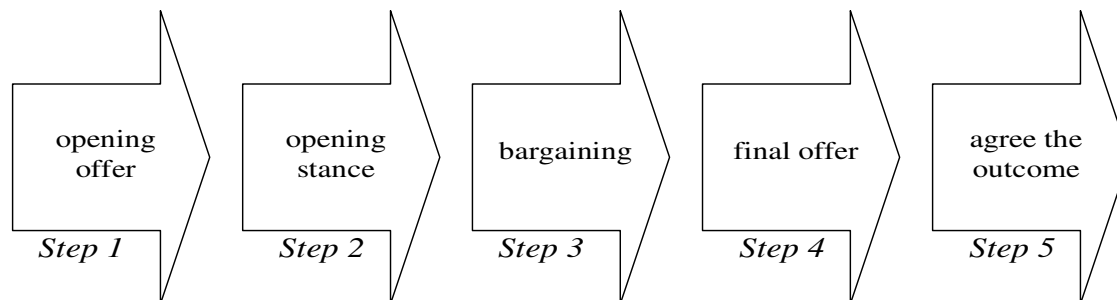
Agreement is reached by:

- One side winning and the other losing – maximising own outcome
- Pursuit of own goals at the expense of the other side – focus in on a short-term relationship
- Characterised by conflict and disagreement.



# Distributive meeting

(Diagram from workbook by Tracey G Harwood)



Based on Lewicki et al 2003

# Protocol for negotiation

(Lewicki et al 2003)

- Agenda - can be prepared in advance
- Location – home ground preferred
- Duration – including ‘time outs’
- Parties’ involvement – clear roles and responsibilities
- Consequences of failure – dealing with deadlock
- Keeping track – note taking.



# Resources

- Men
- Money
- Minutes.



# Factors impacting on meeting climate

- Balance of power
- Culture and reputation
- Expectations
- Size of the deal and significance of outcome
- Timing
- Location and environment
- Team dynamics
- Relational or 'one-off' situation.



# Effective negotiation

## Session 5

The negotiation process - power and persuasion



# Learning objectives

At the end of this session candidates will be able to:

- describe how power influences negotiations and examine the sources of power in negotiations
- describe different techniques for persuading in negotiations
- compare and contrast the tactical tasks undertaken for collaborative and distributive negotiation situations
- identify typical positions taken during collaborative and distributive negotiation styles.



# Power bases

- Information
- Expert
- Resource control
- Legitimate (authority)
- Personal (referent)
- Power is a source of leverage
- Imbalance leads to an opportunity to coerce or manipulate.



# Power bases

(Lewicki et al 1997)

Negotiators can gain power from any social variable in the situation, including:

- cultural differences
- ideologies and beliefs
- institutional norms
- relationships
- language and semantics.



# Effective influencing

Factors to consider when choosing your approach:

- knowledge of the other party
- required outcome(s)
- skill in using different tactics.



# Influencing styles and tactics

- Using expert knowledge
- Applying logic and reason
- Selling the benefits
- Personal appeal!
- Coalition
- Manoeuvring
- Coercing.



# 5 Main persuasion methods

- Compromise
- Bargaining
- Logic
- Threat
- Emotion.



# Negotiation tactics

- Snow job
- The nibble
- Log-rolling
- Add-on
- Salami

And many more!



# Negotiation tactics

## Distributive meetings:

- find out the other party's resistance points
- managing others' perceptions of you
- controlling others' impressions of your position
- exaggerate your 'fear of failure'
- may play good cop/bad cop.



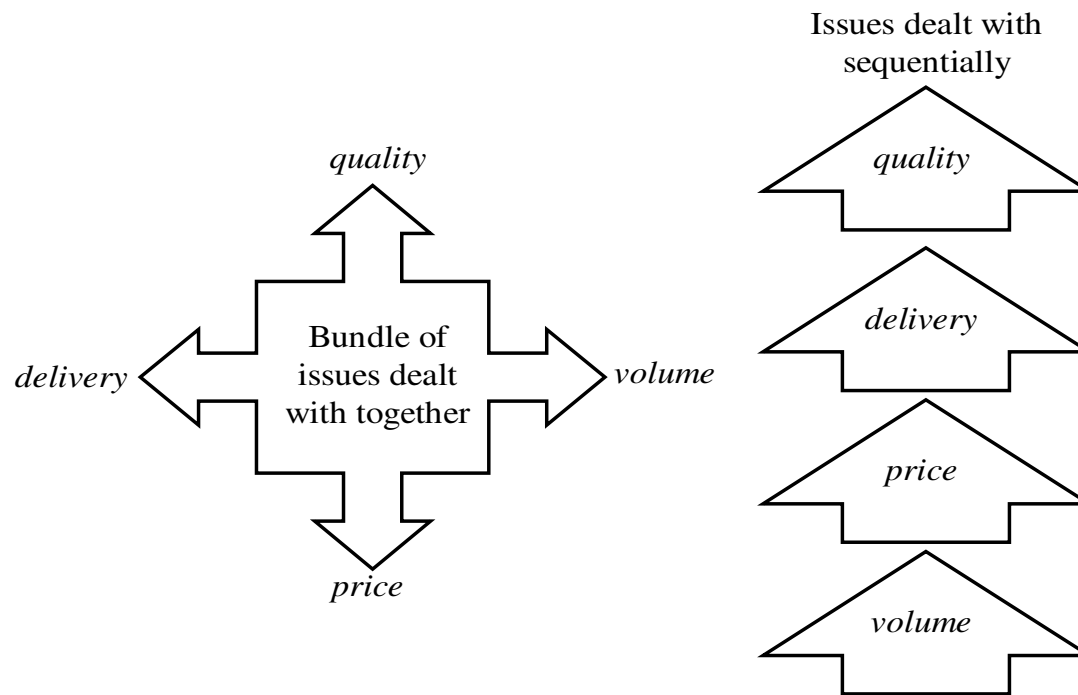
# Negotiation tactics

## Collaborative meetings:

- focus on meeting needs and common interests
- build on common ground to develop positive relationship
- exchange information and ideas
- create environment for mutual gain
- be objective and logical not judgemental.



# Bundling versus sequential agreements



# Effective negotiation

## Session 6

The negotiation process – ratification

Understand effective behaviour for negotiation  
– body language



# Learning objectives

At the end of this session candidates will be able to:

- explain the importance of ratifying a negotiation
- identify and discuss components of a negotiation evaluation
- discuss the impact of negotiating in an existing relationship
- appraise what is meant by effective communication in negotiations, including how to improve communication during negotiations
- distinguish between different verbal and non-verbal (body language) communication techniques
- assess the range of potential communication difficulties experienced in negotiations.



# Ratifying negotiations

- Process of confirming, approving and endorsing agreements made so it can proceed to implementation
- Used in international situations when there are a number of interested parties
- Used by organisations when there are negotiations between internal departments or functions
- What are the issues that might hinder ratification?



# Ratifying negotiations

## Formal

- Agreements are 'signed off'
- All information has been discussed so there should be no factors hindering implementation.

## Informal

- Often used by internal negotiators
- PSS is a good idea to prevent lack of progress following agreement.



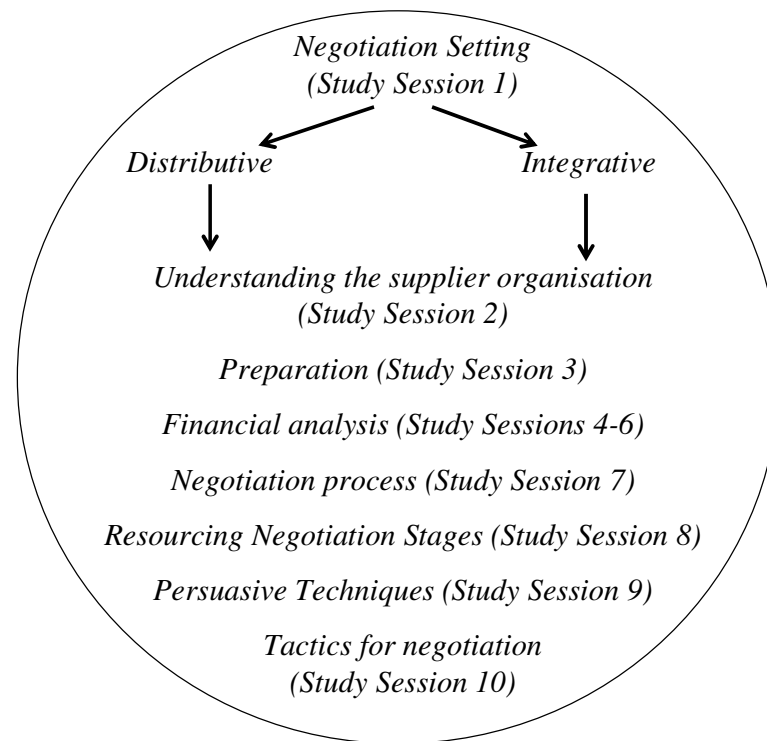
# Evaluating negotiations

- Evaluation should include all seven phases of the negotiation
- Evaluation should consider all aims and objectives to determine how effectively they were achieved
- Failure could have been due to factors out of the negotiators' control, so evaluations should be done to inform the future not to apportion blame.



# Planning evaluation

(Diagram from workbook by Tracey G Harwood)



# Post-negotiation phase

- Evaluate outcome achieved against aims and objectives
- Review outcome achieved
- Analyse individual and team performance
- Compose a 'lessons learnt' document to inform the future
- Enable authorised others to access the results of your evaluation for their own purposes.



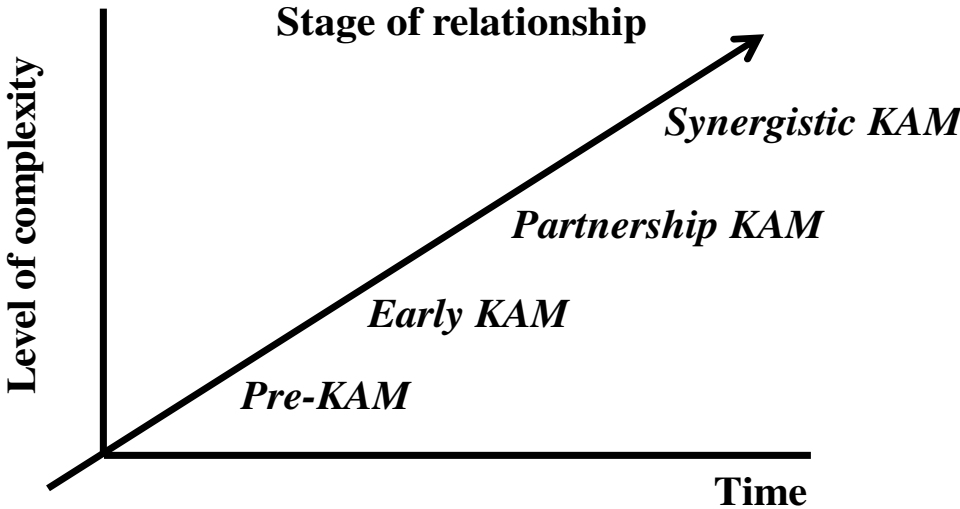
# Drivers of relational negotiation

- Retention of suppliers
- Reduction in costs related to inducting and liaising with new suppliers
- JIT requires knowledge and commitment from both parties
- Move towards high value and specialist transactions
- Outsourcing becoming a norm for many organisations.



# Relationship development model

(Diagram from workbook by Tracey G Harwood)



**Based on Dwyer et al 1987**



# Additional responsibilities

- Ethical responsibilities
- Legal responsibilities
- Economic responsibilities
- Discretionary responsibilities.



# Communication in negotiation

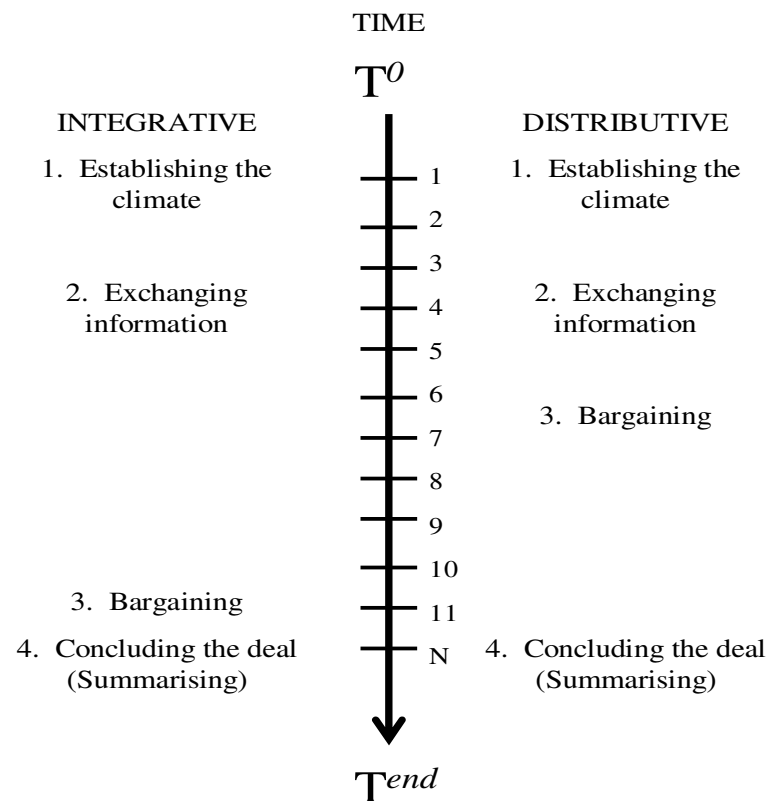
(Lewicki et al 2003)

- Offers and counteroffers
- Information about alternatives
- Information about outcomes
- Social justifications
- Information about processes.



# Negotiation phases

(Diagram from workbook by Tracey G Harwood)



# Communication techniques

- Open questions to gain information
- Leading questions to anticipate answers
- Unemotive or cool questions
- Planned questions
- Window questions to gain insight
- Directive questions to get specific information
- Gauging questions to test reaction
  
- *What techniques have you found useful?*



# Difficult situations

- Loaded questions to put ‘on the spot’
  - Coercive questions
  - Manipulative questions
  - Trick questions and reflective trick questions
  - Heated or emotional questions
- 
- *What difficult situations have you had to deal with?*



# Non-verbal behaviour

- Voice tone, volume, inflection, pace
- Eye contact
- Facial expression
- Gestures, posture
- Muscle tension
- Proximity.



# Cultural differences

- Language and interpretation
- Gestures and personal space
- Personal prejudices
- Shortcuts (decision mechanisms)
- Balance of verbal and non-verbal to give clarity
- Colloquial or regional variations in language and phrasing.



# Barriers to communication

- Stereotyping
- Psychological pressures
- Selective perception
- Projection
- Making assumptions due to limited experience of other party (halo effect).



# Framing and reframing

- Framing is about the views held that parties use to make sense of what is happening or substantives
- Reframing is about changing perspectives to look at a situation from another point of view
- *How have you seen reframing used to assist agreement?*



# Cognitive biases

- Irrational escalation of commitment
- Anchoring and adjustments
- Emotional fixed pie
- Winner's curse
- Over confidence
- Small samples
- Self-serving bias
- Endowment effect
- Reactive devaluation
- Ignoring the other party's cognition.



# Effective negotiation

## Session 7

Understand effective behaviour for  
negotiation



# Learning objectives

At the end of this session candidates will be able to:

- define what is meant by 'negotiation behaviour'
- describe the nature of conflict in negotiations and explore techniques for managing conflict
- compare and contrast different negotiation behavioural techniques
- describe the characteristics of successful negotiators
- identify how negotiation competencies can be developed
- define what is meant by the emotionally intelligent negotiator.



# Negotiation behaviour

- Setting the scene behaviours
  - Specifying behaviours
  - Social behaviours
  - Initiating behaviours
  - Reacting behaviours
  - Clarifying behaviours
- 
- *How do you think the above behaviours change as the relationship between the two parties develops longer term?*



# Negative Conflict

- Arises when both parties have different views about an important aspect of the negotiation such as price and adopt a competitive approach to resolution
- Parties begin to deliberately misunderstand each other
- Emotions and the conflict may escalate if the meeting does not adopt a problem solving approach.



# Conflict

- Interpersonal
  - Intrapersonal
  - Intergroup
  - Intragroup
  - Interorganisational
- 
- *Can be positive!*
  - *May be difficult to manage!*
  - *When does it cause deadlock?*



# Conflict resolution

- Challenge perceptions and seek the facts
- Adopt a problem solving approach, not a competitive one
- Deal with emotional issues calmly
- Focus on the future – what each party wants to achieve
- Conflict resolution strategies – Thomas Kilman Conflict Mode Instrument
  
- *Deal with emotions and behaviours.*



# Conflict Management

- Collaborative
- Accommodating
- Competing
- Avoiding
- Compromising.

*Based on Thomas and Rubles original work 1976*



# Conflict resolution strategies

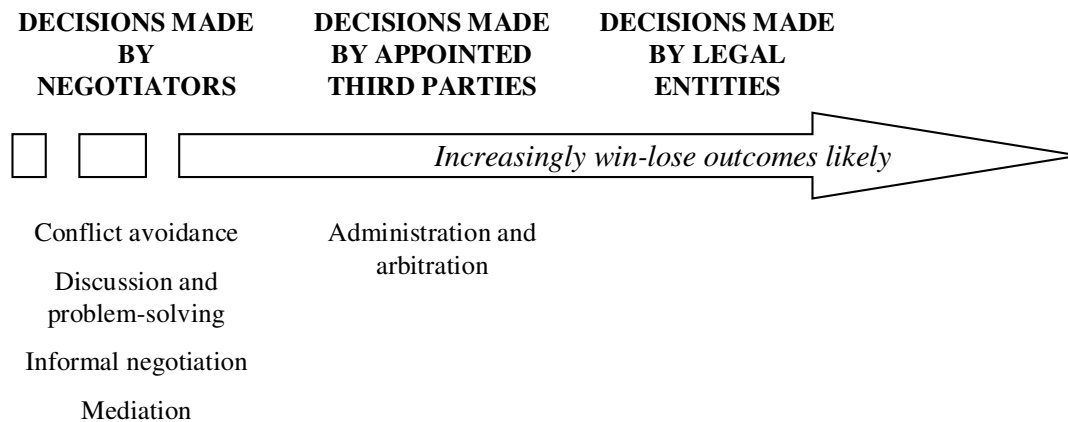
Encourage both parties:

- to take time out to calm down
- to see what the problem looks like from the other side
- manage the substantives including the salami technique
- focus on common ground before moving into areas of profound disagreement
- highlight positives and attractiveness of offers.



# Facilitation

(Diagram from workbook by Tracey G Harwood)



# 'Breakthrough' approach

(Ury 1991)

In situations of conflict escalation:

- do not react – wait and compose yourself
- listen actively to the other side to gain all the facts
- reframe to take a positive perspective
- involve the other side in seeking a solution (facilitating a 'yes' response)
- make 'no' a difficult option for them by stating the benefits of agreement and letting them know you have a good BATNA).



# Negotiator styles

(Shapiro et al 2001)

- Extrovert – outgoing, impulsive
- Pragmatist – focused, takes charge
- Analyst – logical, process driven
- Amiable – open, friendly
- *How would you respond to each style in negotiation?*



# Fairness

(Albin 2001)

- Structural fairness
- Process fairness
- Procedural fairness
- Outcome fairness.



# Effective negotiators

- Use credible and valid sources of information
- Use open and confident body language
- Put expression into their voices to emphasise important points and underpin confidence
- Control eye contact and develop rapport so they pace and then lead.



# Effective negotiators

- Plan content to ensure it is clear and attractive to the other party
- Plan structure – to avoid information overload and set out key points in a logical manner
- Use styles – that are persuasive and engaging.



# Effective negotiators

Consider negotiations you have been involved in or know about, what are the characteristics of a skilled negotiator:

- Pre-negotiation?
- During negotiation?
- Post-negotiation?
- *What are your main development needs?*

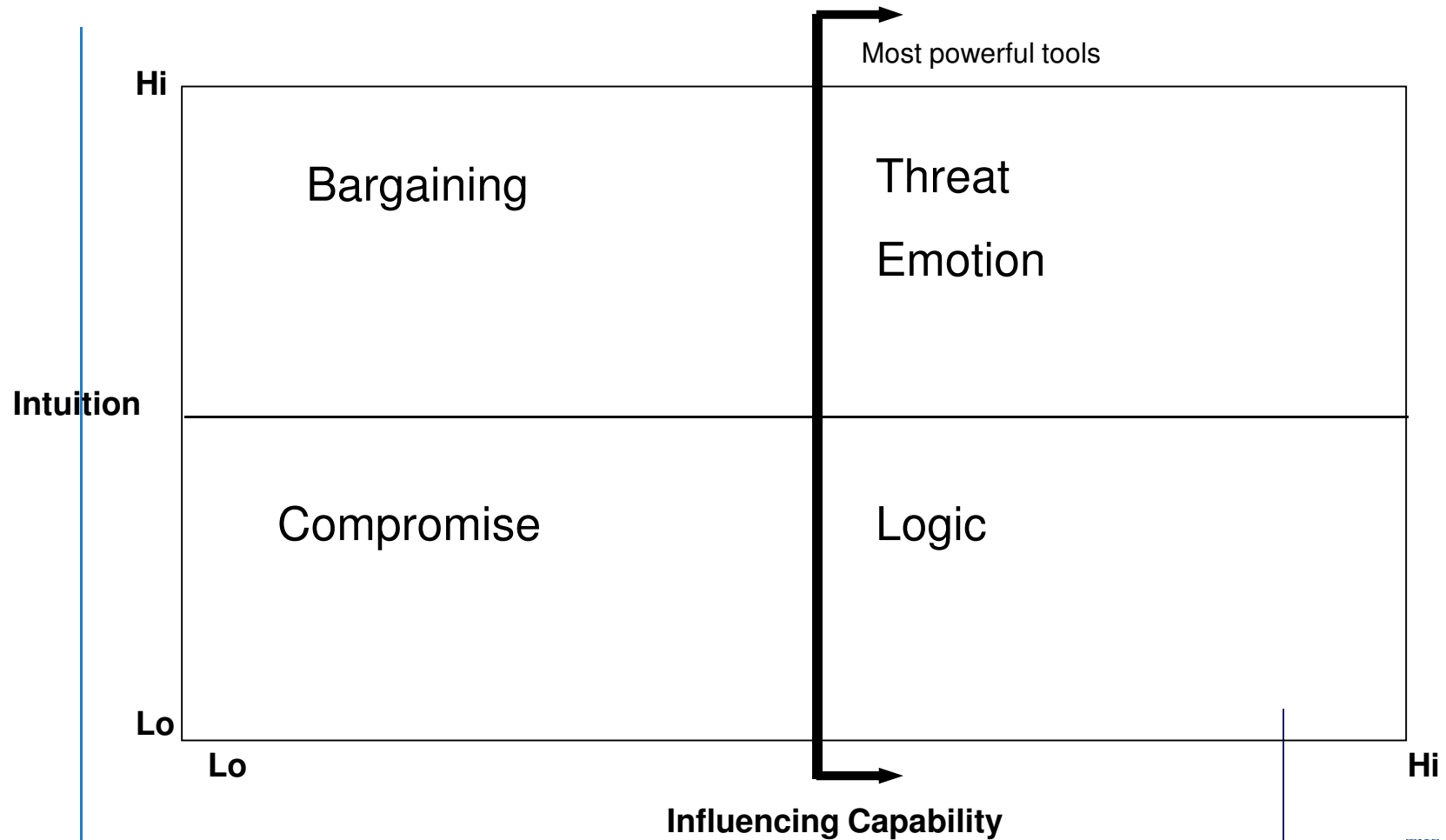


# Negotiation competencies

- Cognitive ability
- Emotional intelligence
- Ability to view all perspectives.



# Negotiation capability

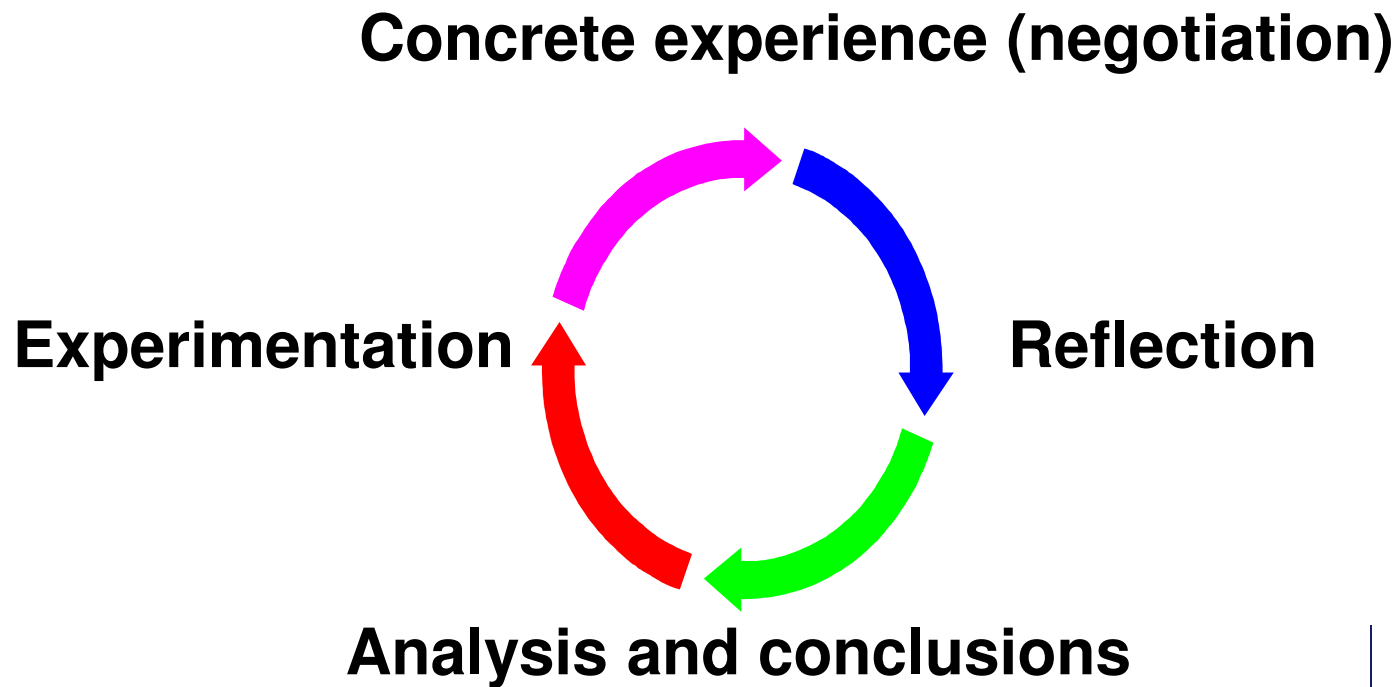


Source: A. Reynolds  
2003



# Learning from experience

(Kolb's Learning Cycle)



# Improving negotiation capability

- Job rotation
- Mentor
- 360 feedback
- One-to-one feedback
- Observation
- On-the job
- Content led training
- Blended learning.



# Effective negotiation

## Session 8

Understand effective behaviour for negotiation –  
questions culture



# Learning objectives

At the end of this session candidates will be able to:

- explain the role of effective questioning in negotiation
- link questions together to develop an environment of trust
- prepare for dealing with questioning from the other party
- discuss the nature of cultural differences and how this influences negotiations
- develop culturally aware negotiation strategies
- present a planning tool for preparing to negotiate with international parties.



# Use of questions

- To gather information on views, substantive issues, proposals and so on
- To clarify needs and seek ways to meet those needs (Huthwaite's SPIN technique)
- To test assumptions – hypothetical questions – and seek clarification – agreement.



# Question types

- Open questions to gain information
- Leading questions to anticipate answers
- Unemotive or cool questions
- Planned questions
- Window questions to gain insight
- Directive questions to get specific information
- Gauging questions to test reaction.



# Difficult situations

Use different approaches when suspicious of what you have been told:

- 'Call their bluff'
- accuse directly
- prod, probe and provoke
- use silence to force disclosure
- reveal a truth to encourage them to do the same.



# Firm flexibility

(Pruitt 1995)

- Concede a point
- Hold on to a position while seeking to recompense the other party
- Hold on important issues but concede on less important ones
- Hold on interests but find ingenious ways to achieve them
- Hold on important issues but abandon less important issues
- Hold on interests only if the other party's appear less important.



# Tough questions

How would you deal with:

- Ultimatums?
- An impasse?
- Consistent indecision?
- Coercive tactics and manipulation?
- Unfavourable comparisons?
- Unrealistic deadlines?
- Highball or lowball tactics?
- Accusations of unfair play?
- Deliberate rudeness or sarcasm?



# Macro-environment

PESTEL is used to analyse the macro-environment:

- political
- economic
- socio-cultural
- technological
- ecological and environmental
- legal and regulatory.

*Use this framework to identify the differences a buyer needs to consider when working across borders.*



# International purchasing

Reasons for sourcing internationally include:

- lower cost
- better availability or special requirements can be met
- better quality or innovation
- lack of domestic suppliers
- international trade agreements.



# International negotiations

Issues for the negotiator to consider include:

- cultural aspects that may affect time and dates of meetings
- meeting and greeting customs
- language and communication difficulties
- non-verbal gestures and behaviour that might offend
- proxemics – invading personal space
- physical appearance.



# Cross-cultural negotiations

(Hofstede 1991)

- Power distance
- Individualism/collectivism
- Masculinity/femininity
- Uncertainty avoidance
- Confucian dynamism – limited impact on negotiation
  
- *Which are you aware of or have observed when dealing with people of different cultures?*



# Cross-cultural negotiations

How do you think the first four 'dimensions' identified by Hofstede impact on negotiation:

- pre-negotiation
- during the meeting
- post-negotiation
- what factors should you consider when selecting a team to undertake international negotiations?



# Cross-cultural negotiations

When preparing for cross-cultural working consider:

- negotiation strategies
- decision making process
- level of authority and status required in the team
- pace of negotiation
- administration and contractual issues.



# Effective negotiation

## Session 9

Understand effective behaviour for negotiation –  
telephone and e-mail and internal negotiations



# Learning objectives

At the end of this session candidates will be able to:

- identify the key differences in conducting telephone negotiations compared to face-to-face
- examine the difficulties that are encountered in telephone negotiations
- examine the difficulties that are encountered in e-mail negotiations
- identify good practice when conducting effective negotiations by telephone and e-mail
- identify the key differences in conducting internal negotiations compared to external
- examine the difficulties that are encountered in internal negotiations
- prepare a plan for conducting effective internal negotiations.



# Speech structure

(Mulholland)

- Initial phases – establishes relationship and ‘sets the scene’
- Middle phase – main negotiation to reach agreement
- Close – summary and confirmation of actions to be taken (with deadlines).



# Summarising is used to ...

Gain the initiative - if you feel that a discussion is becoming too one-sided, gain the initiative by saying something like,

*“Can I check if I fully understand your points on this?”*

You can then summarise and deal with those points if you wish to.



# Summarising is used to ...

Ensure understanding - summarising is a good way of making sure that everyone has the same understanding of the points you have discussed, the points you have agreed and any not yet resolved.

*“I think we agree that .... “*



# Summarising is used to ....

Steer the discussion - summarising can be used to get back to the point or to put disagreements on hold while areas of agreement are reached.

*“We seem to agree on these points (list them), can we hold (the area of disagreement) for the moment and look at (some other points)?”*



# Summarising is used to ....

Gain commitment - summarising is a good way of getting agreement, and thus commitment, at various stages in negotiations.

*“Can we agree that we will .... (list points of agreement)” or “If we do (whatever), that will meet your needs on that issue.”*



# Telephone negotiation

- More listening than talking
- Make notes rather than relying on memory
- Signal indications – “*I have two points to make on that ...*”
- Summarise to show you have understood speaker’s message
- Seek clarification verbally
- Use voice expressively and use pauses to punctuate conversation
- Respond to feelings that are expressed
- Follow up conversations with a written confirmation if necessary.



# Telephone negotiation

## Do

- Listen without interrupting
- Give verbal listening cues
- Chunk new information so the listener can follow your points.

## Don't

- Talk over the top of the speaker
- Reflect back so they speaker knows you have understood
- Give too much new information at once.

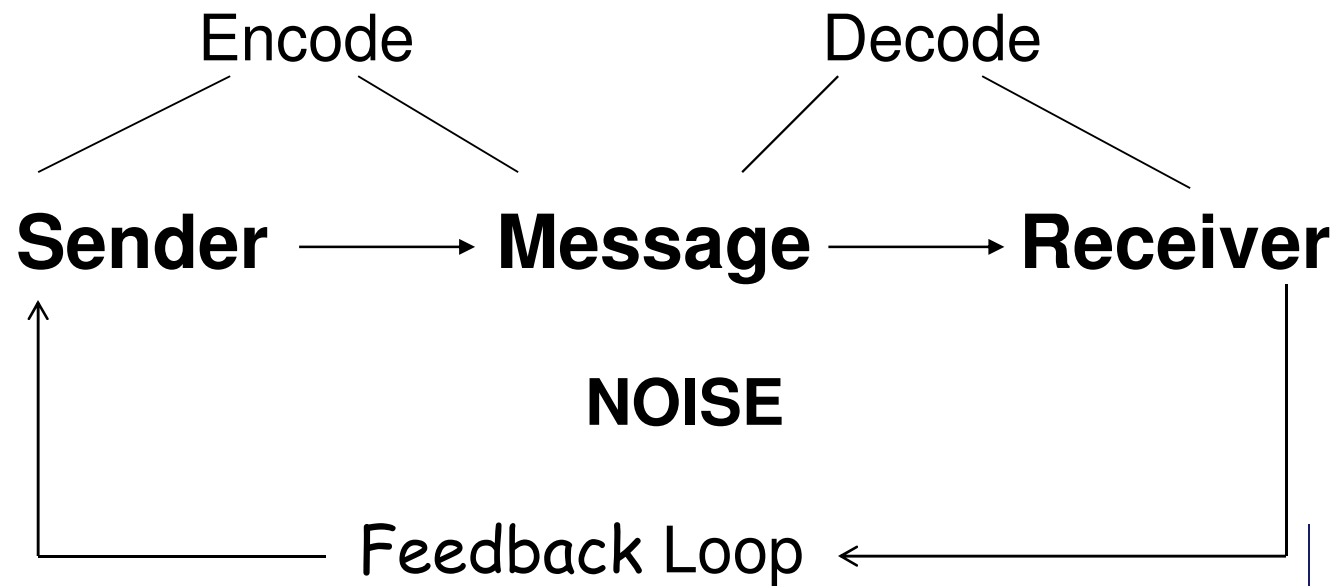


# Telephone negotiation

- Prepare carefully so you won't be put on the spot
- Allow sufficient time
- Develop appropriate listening and 'turn taking' competencies
- Listen to the silences and any undertones that conflict with the spoken work
- Ensure clear telephone line and no barriers to communication
- Listen for closing signals.



# Communication model



# Listening dynamics

Marginal – preoccupied, self-centred, disinterested

Evaluative/selective – jump on speaker's sentence, make assumptions and compose response rather than listen to the end

Active – concentrate on speaker and give encouragement and feedback.



# Telephone negotiation

(Casebolt 1995)

Advantages include:

- easier to say 'No' because it is less personal
- can be quicker than face-to-face
- more direct – because less personal
- easier to close
- forces active listening
- *what are the disadvantages?*



# Internal negotiations

- Internal alignment is needed for the success of external negotiations (Morse 2005)
- Implementation suffers if there is no internal commitment
- Risk of internal interference
- Teams work as a set of individuals
- Risk of negotiator being out on a limb.



# Internal conflict

- Set ground rules for behaviour and state purpose before negotiation
- Provide an agenda to help everyone prepare effectively
- Do not attempt to play one part of the organisation off against another
- Deal with different 'silos' separately and stick to the facts
- Deal with inappropriate behaviour immediately and use company procedures for unacceptable behaviour if you have to
- Encourage positive belief in an outcome that will work for everyone.



# E-mail negotiation

- No face-to-face contact
- Misinterpretation of written word
- Everything is recorded – audit trail
- Speed of response
- Distance no barrier to response
- Electronic forms – storage issues.



# E-mail negotiation behaviour

- Some of the disadvantages of personal dislike and prejudice are avoided because there is not face-to-face contact
- Difficult to build rapport
- Tendency for some negotiators to be more aggressive when not face-to-face
- Coordination of responses may not be as fluent as in a face-to-face exchange
- E-mail jargon/language of its own!



# Effective negotiation

## Session 10

Understand effective behaviour for negotiation –  
rapport self evaluation



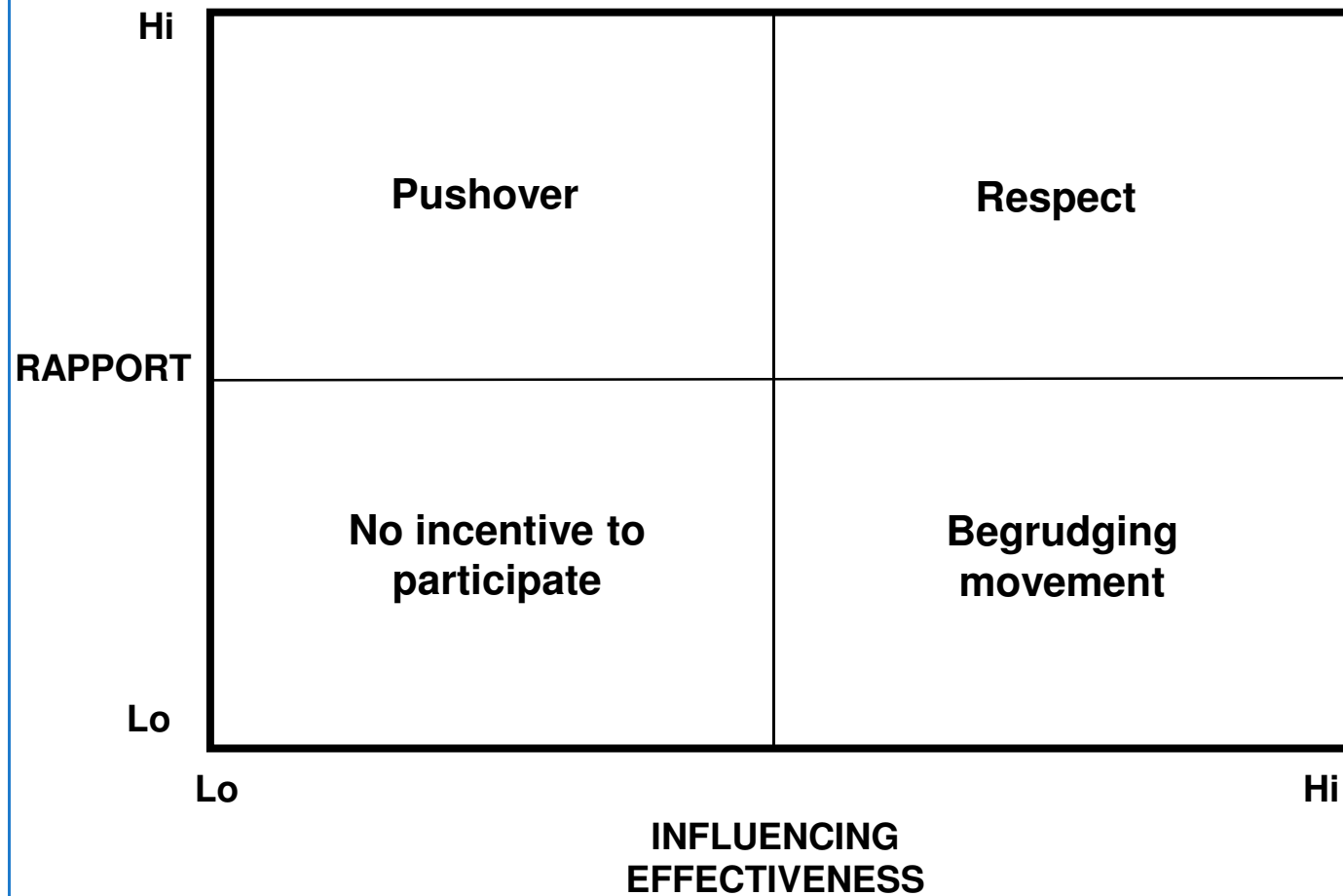
# Learning objectives

At the end of this session candidates will be able to:

- examine the effect of rapport on negotiation
- analyse outcome against objectives for a negotiation
- explore feedback mechanisms and their impact on personal development
- evaluate the range of personal development techniques from evaluation of performance.

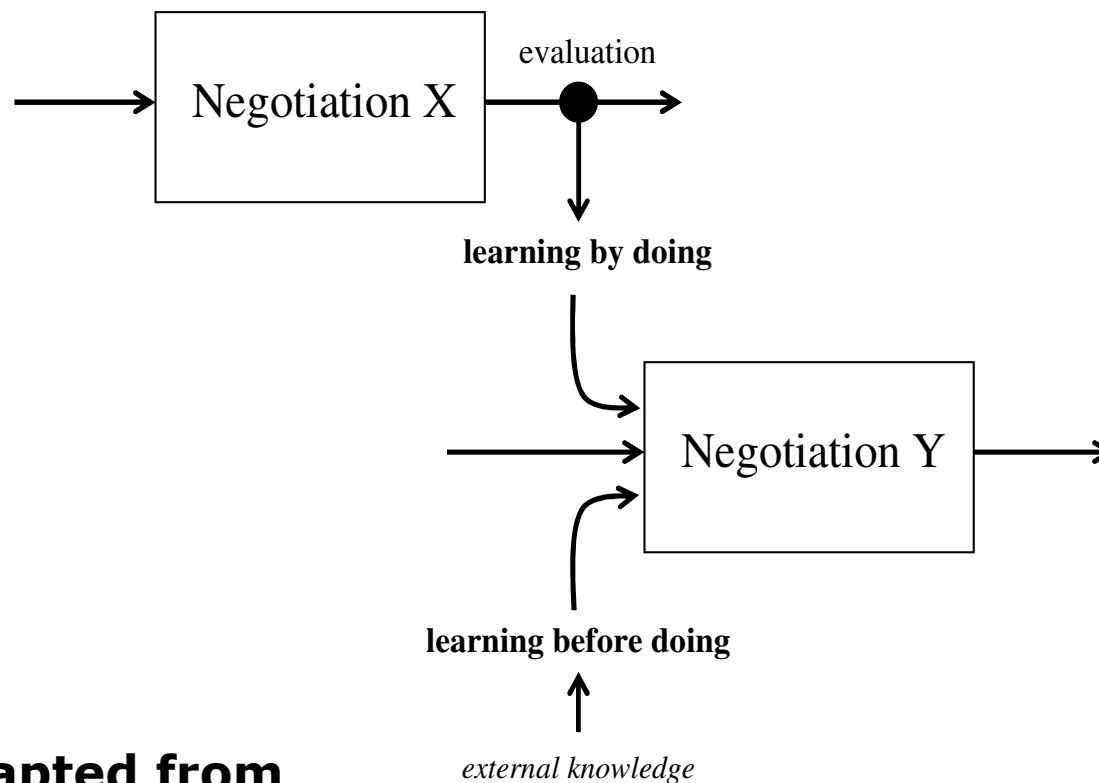


# Rapport/influencing perception model



# Evaluating performance

(Diagram from workbook by Tracey G Harwood)



**Adapted from  
Maylor 2003**

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# Performance

- Achievement of goals
  - Financial variances
  - Team work and processes
  - Planning techniques and tools used
  - Monitor and control process
  - Learning achieved
- 
- *What other aspects of negotiation can be reviewed and evaluated?*



# Evaluating performance

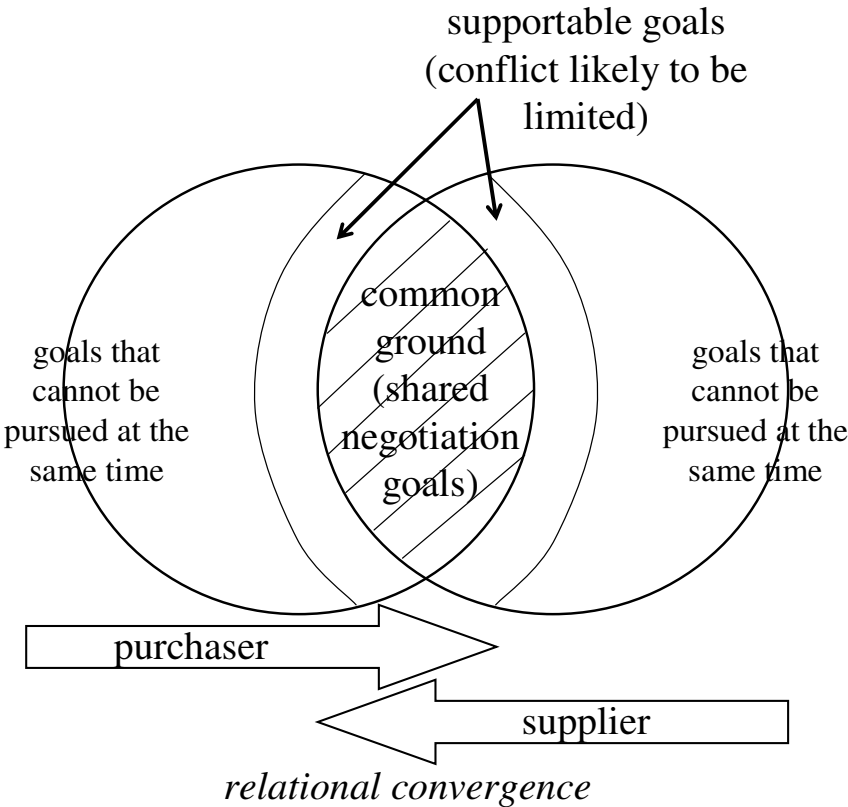
Usually considers:

- goals
- processes
- people performance
- *evaluation should cover every phase of negotiation*
- *questions should be drafted to discover what went well, what did not go so well and why to inform the future.*



# Relational conflict

(Diagram from workbook by Tracey G Harwood)



**Adapted from  
Rackam et al 1996**



# Evaluating relationships

- Relationships develop through several stages from initial meeting to partnership and synergy
- Relationships cannot be measured simply in terms of financial success
- Factors that both sides value include trust and openness
- Evaluation should include both parties working together to review how to build on the successes and further develop a closer working relationship.



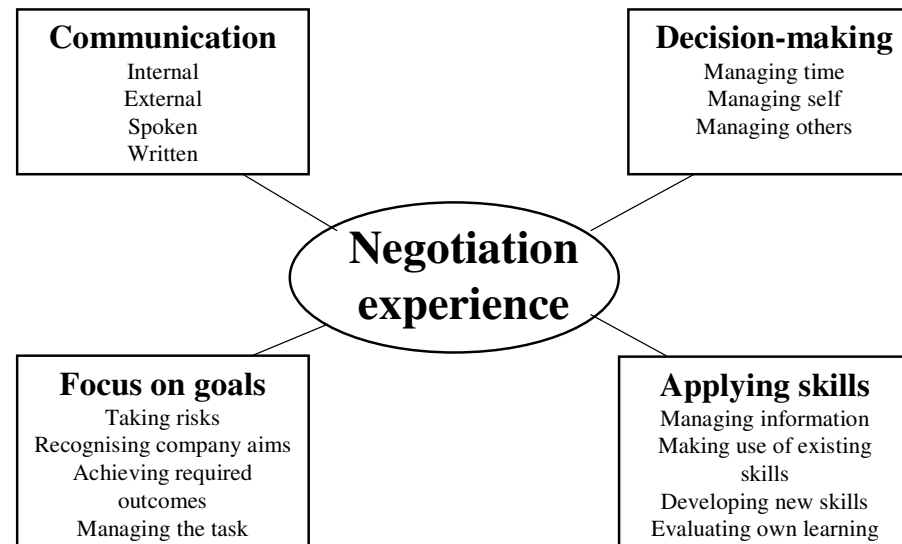
# Why evaluate performance?

- To reflect on what went well and what needs to be improved
- To draw conclusions from the reflections on what to do better in the future
- To try out the learning in another similar situation which leads to another negotiation experience to evaluate.



# Skills evaluation

(Diagram from workbook by Tracey G Harwood)



Based on Bennett et al 2000



# Feedback mechanisms

- Mentor
- 360 feedback
- Observation
- Personal Development Review
- Peer review.

