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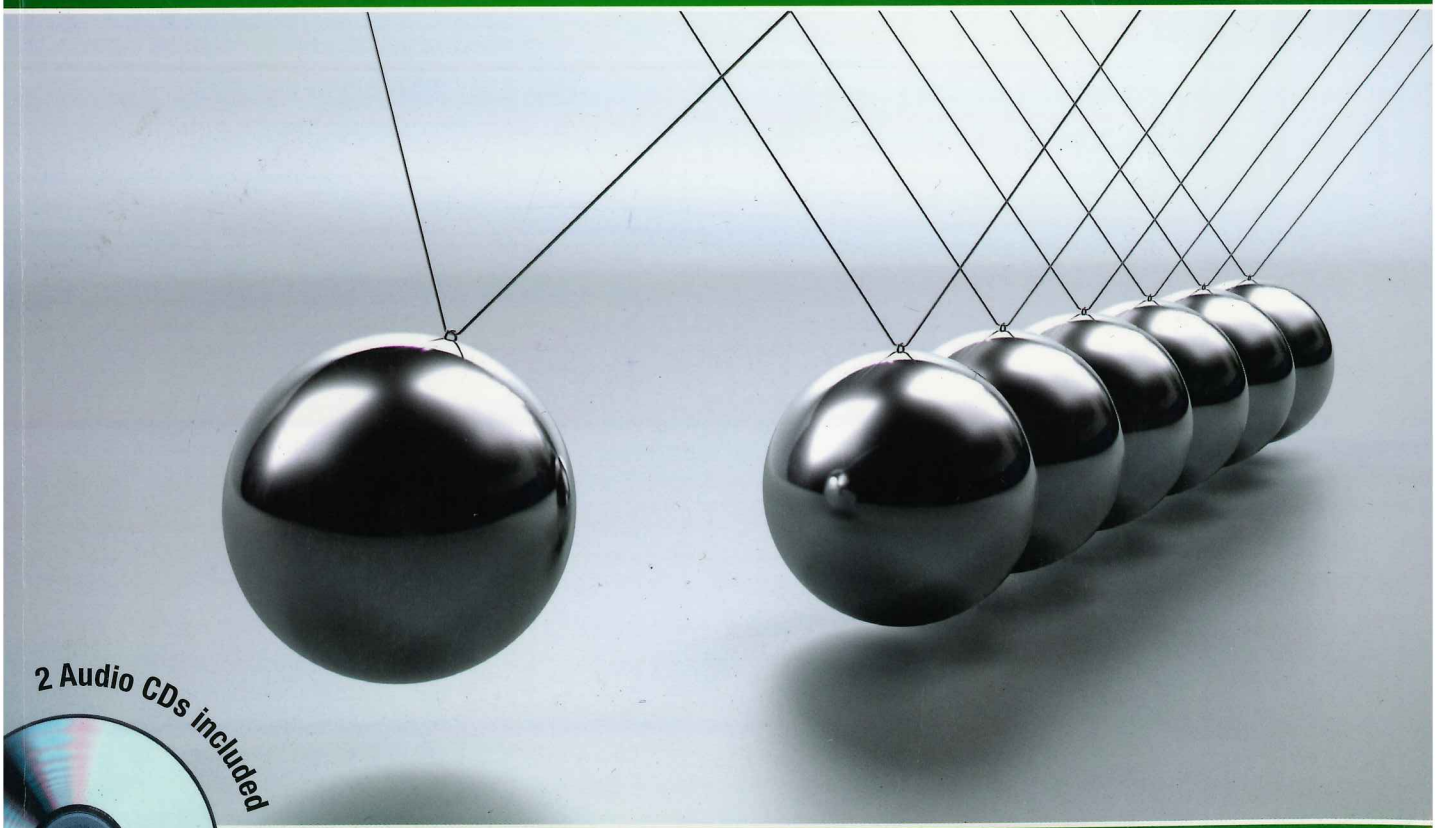
Professional English

International Negotiations

Mark Powell



2 Audio CDs included

Cambridge Business Skills

International Negotiations

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Developing negotiation skills

Negotiation has been defined as the art of letting the other person have it *your* way! Can you get the deal you want whilst making your opponent feel the same? For short-term victories will not create lasting business relationships. Both sides must leave the negotiating table believing that they've gained. No skill is more central to your professional career than the skill of negotiation. And as negotiations expert Chester L. Karrass famously put it, 'In business, as in life, you don't get what you deserve, you get what you negotiate!'

Mark Powell, Mark Powell Communications

Welcome to *International Negotiations*, one of a new series of courses from Cambridge University Press designed to develop excellence in business communication in English. The complete training package includes this book and CDs, and a dedicated website containing full-size copies of the game boards, feedback forms and detailed trainer's notes.

You can access this material at http://www.cambridge.org/elt/internationalnegotiations

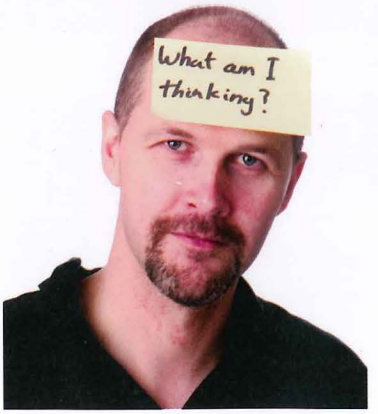
The secrets of great negotiators

What's the worst thing you can do to a negotiator? What do expert negotiators do more than twice as often as mediocre ones? What does grammar have to do with diplomacy? What's the difference between negotiating positions and interests? And what are the six principles of persuasion you should follow to make any negotiator much more likely to say yes? In this book you'll discover the answers to these and many other questions about international negotiations.

Whether you're negotiating a pay rise with your boss, arguing over a price rise with a key supplier, buying time to complete a difficult project or renegotiating the terms of a multimillion-dollar contract, you'll find in these pages tasks and activities to develop your negotiation skills and improve your command of the English you need to make full use of them.

You'll take part in some challenging role plays and skill-building games, decide when to be open to suggestions and when to say no, practise the art of asking probing questions and of disagreeing without being too direct. You'll learn how to decode typical body language signals, defend yourself against unethical tactics and boost your own persuasiveness. You'll find out about the pros and cons of teamwork and how to adjust to different cultures. You'll know when to take the lead and when to wait and see what the other side offers first. You'll learn how to control negative emotions as you read and respond to the situation. For in the words of the former CEO of Remington, Victor Kiam: 'A negotiator should observe everything. You must be part Sherlock Holmes, part Sigmund Freud.'

As you work through the ten short modules in this course, always be thinking about how you can make the skills and techniques your own. If something doesn't seem to work at first, it may be that it doesn't quite suit your style or it may just be that you need a little more practice. Be prepared to have fun and experiment. By getting your trainer to record you, you can analyse your performance using the online feedback forms (see page 110).



I hope you enjoy the *International Negotiations* experience!

Negotiating and you

Take a few moments before you begin the course to think about your own needs and experience as a negotiator. Tick the comments that apply to you below and see how *International Negotiations* can help you to improve.

☐ I've had some experience of negotiating in my own language, but I'm not so sure I can translate that into English!	→ Each module of the course contains the key words, phrases and expressions you need to negotiate fluently in English. You'll also learn some of the subtle language patterns skilled negotiators use to secure a deal.
☐ I've never really negotiated before – not even in my own language!	→ You've probably negotiated a lot more often than you think, but the course brings together some of the world's leading negotiation experts to share their insights with you. Full notes in the Key and commentary guide you towards a better understanding of how to negotiate.
☐ I know how negotiators in my own country like to do business, but I'm not so familiar with the procedure in other countries. How do I prepare for the unknown?	→ In many of the modules, people from different countries compare how they prefer to negotiate. Module 3 addresses how to establish a mutually acceptable procedure. And the CDs contain recordings of negotiators of different nationalities in action.
☐ I'm OK at negotiating one-on-one, but I'm not clear about how to take part in more formal team negotiations.	→ Having a specific role within a negotiating team is essential. You should also make sure your skills and know-how complement those of other team members. Module 1 helps you to define your role.
☐ I'm never really sure how important it is to build rapport with the other party before negotiating with them. Isn't it better just to stick to business?	→ How much of a relationship you need to build before negotiations begin or whether you can leave the small talk till the end will depend on who you're negotiating with. Module 2 develops your 'cultural intelligence' and conversation skills.
☐ Procedures and protocols are all very well, but in the end it always comes down to figures! How soon do I mention money, how much should I concede and how exactly do I close the deal?	→ Bargaining is one of the prime skills in negotiation. Ideally, you want to explore options without committing yourself too soon, you want a win–win outcome and you want practical alternatives if you fail to reach a deal. Module 4 deals with how to package your proposals. Module 7 shows you how to attach conditions to those proposals and trade concessions strategically. Module 10 models different ways of wrapping up the deal.
☐ I think negotiating in a foreign language must increase the chances of miscommunication.	→ Of course, misunderstandings are more likely to occur when speaking a foreign language, but the toolbox of clarification techniques in Module 5 will help you to overcome, and even take advantage of this.
☐ I don't know how good I am at persuading other people. Is there anything I can do to be more persuasive?	→ There are certainly some basic principles you can apply to become more persuasive. Module 8 deals with these in detail. But, rather than simply trying to persuade the other party, focus on uncovering the reasons behind their position and then generating options that satisfy the real needs of both sides. Module 6 systematically builds up your question power and creative thinking.
☐ I'm not very comfortable dealing with conflict and high-pressure tactics in negotiations.	→ Some negotiators like to play tough, but meeting force with force rarely resolves anything. Module 8 teaches you self-defence against the most common high-pressure tactics. Module 9 shows you how to move things forward when a negotiation is deadlocked.
☐ I'm concerned that if discussions become heated, I myself might come across as too direct in English.	→ Fortunately, there are certain language choices you can make which allow you to be clear and assertive without sounding hostile. Module 9 introduces you to the language of directness and diplomacy.

1A Preparing to negotiate

The majority of business negotiators do not spend adequate time preparing for negotiations. It is a well-established fact that professional sports people spend significantly more time preparing for competition than they spend in competition. Should it be any different for business negotiators?
Jan Potgieter, founder and CEO of Business Negotiation Solutions

1 How far do you agree with Jan Potgieter that most negotiators under-prepare? As a group, brainstorm the sort of preparations you'd need to make for an international negotiation – think, for example, about goals, alternatives, background research, team-building, venue selection and cultural factors.

2 Define 'negotiation' in a sentence. Then compare definitions with the rest of your group.

3 The flowchart below shows the principal stages and sub-stages of a formal negotiation. With a partner, complete the different sections using the verbs in the boxes. Fill in the central part of the chart first.

state call explore create work attach decide	make build conclude agree probe enter resolve	celebrate clarify find trade generate summarise set
..... a good atmosphere	1 ..... rapport	..... things in common
..... who will speak first	2 ..... on a procedure	..... out the points to be discussed
..... your opening position	3 ..... proposals and counter-offers	..... the other side's position
..... each other's interests	4 ..... with questions	..... anything you don't understand
..... conditions to your offers	5 ..... the bargaining zone	..... concessions
..... for a time-out	6 ..... any areas of conflict	..... further options
..... out the details	7 ..... the negotiation	..... the deal!

4 How much do you think negotiating procedure varies from culture to culture? Are the stages listed in **3** sequenced differently or given greater or lesser importance in the cultures you mostly do business with?

5 1.02–1.04 Listen to an intercultural communication trainer describing three broad cultural types and tick the notes on negotiation styles which apply.

1 FACT CULTURES

- **a** Aim for a long-lasting business relationship ☐
- **b** Minimise the social chit-chat ☐
- **c** Plan meetings thoroughly in advance ☐
- **d** Like to connect up all the facts ☐
- **e** Expect you to have done your homework ☐
- **f** Are initially sceptical about doing business with you ☐
- **g** Always make quick decisions ☐
- **h** Like to keep track of the discussion and what's been agreed so far ☐
- **i** Want some kind of result at the end of the meeting ☐

2 PEOPLE CULTURES

- **a** Take a while to get down to business ☐
- **b** Don't like to be rushed ☐
- **c** Insist on their own agenda ☐
- **d** Tend to discuss topics in a fairly random order ☐
- **e** Know what they want in advance ☐
- **f** Make quick, instinctive decisions as they go along ☐
- **g** Keep introducing new elements into the negotiation ☐
- **h** Try not to upset anyone ☐
- **i** Usually postpone a final decision until more meetings have been held ☐

3 TRUST CULTURES

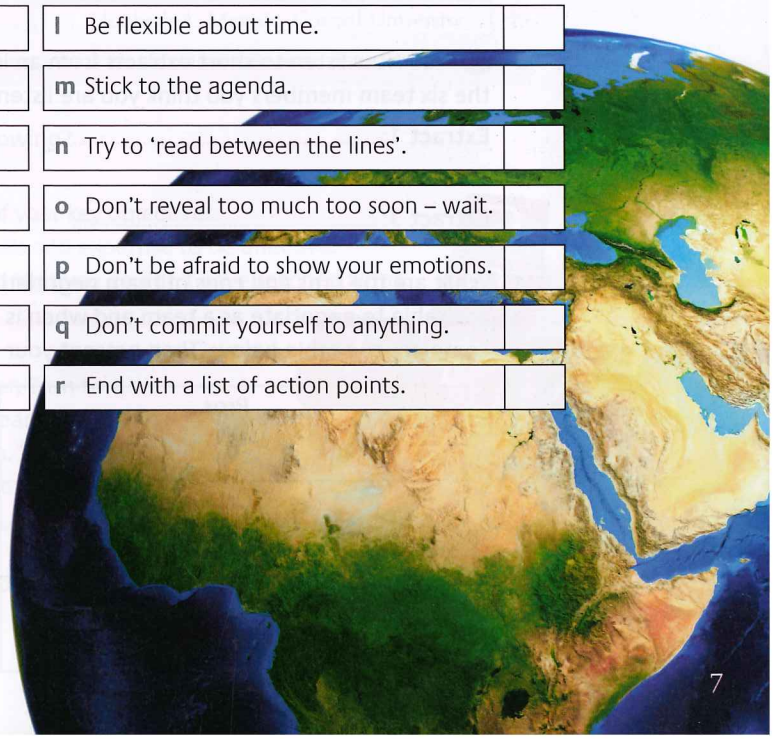
- **a** Tend to respond badly to the 'hard sell' ☐
- **b** Are good listeners who expect to be listened to as well ☐
- **c** Put forward precise and clearly defined proposals ☐
- **d** Get emotional if they suspect you are not trustworthy ☐
- **e** Give direct answers to direct questions ☐
- **f** Will keep you guessing until you hit on what it is they really want ☐
- **g** Reveal their interests subtly ☐
- **h** Are notoriously slow decision-makers ☐
- **i** Expect contracts to be binding ☐

6 What nationalities do we tend to associate with the descriptions in **5**? How accurate are those associations? Discuss some false stereotypes you've discovered.

7 Now work with a partner to match the negotiations advice below to the cultural types in **5**.

a Have plenty of supporting data.	*1*	**j** Interrupt politely and seldom.	
b Avoid conflict – be diplomatic.		**k** Never interrupt – be patient and listen.	
c Feel free to give your opinions.		**l** Be flexible about time.	
d Try to think long term.		**m** Stick to the agenda.	
e Work hard to be liked.		**n** Try to 'read between the lines'.	
f Stay focused on your business goals.		**o** Don't reveal too much too soon – wait.	
g Think aloud, digress, be creative.		**p** Don't be afraid to show your emotions.	
h Say what you mean – don't be vague.		**q** Don't commit yourself to anything.	
i Interrupt immediately if you need to.		**r** End with a list of action points.	

8 Work with a partner. Turn to page 80 to learn some useful expressions for the different stages of a negotiation.



1B Preparing to negotiate

Complex negotiations may require several participants. But if team negotiating is to be truly effective, each team member must play a specific role. Key roles include: a chief negotiator, a decision-maker, a facilitator and an observer. But make sure you get the right mix – if two people are playing the same role, you've got one team member too many!

Galina Ivachev, Customer Service Manager, Skycom Courier and Cargo Company (United Arab Emirates)

1 What do you think would be the main contribution of each member of the team Galina Ivachev mentions? What other roles might team members adopt? Could any of these be combined?

2 Complete the team roles model below using the pairs of words in the box.

breaks + solutions	monitors + movement	formulates + authority
notes + calculations	conciliates + clarification	conducts + spokesperson

a ..... overall strategy and has the final ..... .

b ..... and provides ..... of their team's position.

c ..... down key figures and does the ..... .

d ..... the main negotiations and acts as ..... .

e ..... the other team's behaviour and looks for signs of ..... .

f ..... deadlocks by coming up with creative ..... .

3 1.05 Now listen to short extracts from an international negotiation and decide which of the six team members you think you are listening to.

Extract 1: .....
Extract 2: .....
Extract 3: .....
Extract 4: .....
Extract 5: .....
Extract 6: .....

4 What are the pros and cons of team negotiation and one-on-one deals? When is it advisable to negotiate as a team and when is it better to negotiate alone? With a partner, complete the table below. Then present your ideas.

Pros	**Pros**
Cons	**Cons**
When?	**When?**

5 Compare your views in **4** with those of Elizabeth Mannix, Professor of Management and Organisations, Cornell University, in the article below.

Negotiating as a team

The widespread belief in 'strength in numbers' suggests that having more players on your team should be a benefit, not a burden. But this belief can lead team members to under-prepare for negotiation, a common mistake. Think about the times during a negotiation when you wished you could retract a concession or bit of information that slipped out of a teammate's mouth.

When teamwork is the best option

Bringing a team to the table offers several benefits. Teams stimulate more discussion and more information sharing than individuals do, particularly concerning interests, issues and priorities. Teams also feel more powerful and advantaged than solo negotiators. Even in highly stressful situations, team negotiators feel less competitive and pressured. With greater numbers comes a greater sense of security.

However, the promise of teams can elude us. Suppose one team member has strong analytical skills, another has vast technical and industry knowledge and a third has strong relationship-building skills. These ingredients should add up to a formidable team, but, if members disagree on key issues, they are unlikely to take advantage of their differing skills.

When to use a team

Working as a team can be particularly beneficial in the following situations:

1 the negotiation is complex, requiring a diverse set of knowledge, abilities or expertise
2 the negotiation has great potential for creative solutions
3 diverse interests must be represented at the table, as in union negotiations
4 you want to display your strength to the other side, for example, in international contexts, where teams are expected
5 you want to signal to the other side that you take the negotiation very seriously, as in a merger or acquisition
6 you trust and respect available team members
7 you have sufficient time to organize and coordinate a team effort.

Elizabeth A. Mannix, Cornell University

Source: Elizabeth A. Mannix, Negotiation, *Vol. 8, No. 5, Harvard Business School Publishing*

6 Have you ever experienced any of the following?

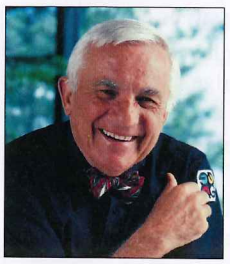
- A team member let you down.
- You disagreed with your team on some of your key objectives.
- Your team had exactly the right mix of skills and expertise to be effective.
- A creative solution was jointly worked out that you couldn't have reached alone.

Briefly tell the story.

7 What's a dream team? Work with a partner. Turn to page 81 to practise putting together a dream team for an upcoming international negotiation. You can use the online feedback form to evaluate each other's skills.

8 Compare your team structure with other pairs and then look at page 61.

2A Relationship-building



Never do business with anybody you don't like.
If you don't like somebody, there's a reason.
Harry Quadracci, founder of Quad/Graphics

Business relationship-building is all about the fact that it's you they buy. Clearly, they are interested in what your company has to offer or you wouldn't be having meetings with them in the first place, but for the duration of those meetings *you* are the company.
Graham Bennett, Impact Factory

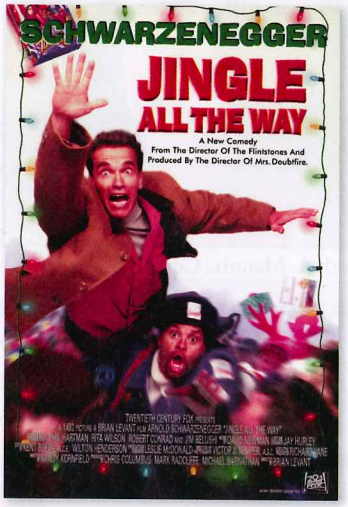
1 Consider what two negotiation experts say about the importance of building a good relationship with the other party and discuss the following points with a partner:

a How important is it to be liked by the people you negotiate with?

b To what extent does it depend on whether you expect to do business with them again?

c To what extent does it depend on how much you need their goodwill to implement your agreement?

d Would you ever do business with someone you disliked? Could you afford not to?



2 Sometimes, when you want something, you just have to go for it! In the comic movie *Jingle All The Way*, Arnold Schwarzenegger plays the part of an over-worked father determined to buy his son this year's most popular toy for Christmas. But the stores have almost sold out and another desperate father is after the same toy!

Work with a partner. You are going to try to negotiate your way out of the same dilemma. Turn to page 82.

3 How did your negotiation go? Did you find yourself doing any of the following:

arguing? bullying? refusing to discuss the issue? just giving in?
just grabbing the toy? trying to justify yourself? using emotional blackmail?

4 Now repeat the negotiation you had in **2**. But first, find out what has changed about the situation. Speaker 1 turn to page 82 and Speaker 2 turn to page 104.

5 How was your negotiation different the second time? Think about your tone of voice, how you started off and how you ended your conversation. Did you manage to reach an agreement?

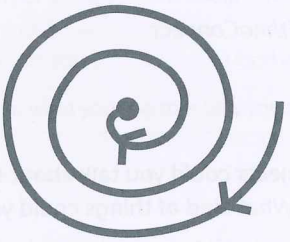
6 Read the analysis of the activity you have just done on page 82. Then, without looking back at the text, see, with a partner, how many of the following terms you can remember:

single-issue negotiation zero-sum game go head to head
reach a deadlock one-off deal

7 1.06 Fons Trompenaars is one of the world's leading experts on doing business across cultures. Listen to an intercultural communication trainer commenting on his views about relationship-building and label the diagrams below.

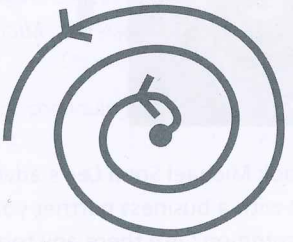
Fons Trompenaars, Trompenaars Hampden-Turner Intercultural Management Group

.....-context (e.g. .....)



Get to know your ..... first
Take a more .....-term view
Move from ..... to .....

.....-context (e.g. .....)



Get straight down to .....
Think more .....-term
Move from ..... to .....

8 Now discuss the following questions with a partner:

a Which of the two cultural types is less likely to waste time socialising with people who are not really interested in doing business?

b Which cultural type is less likely to sign a contract with people who turn out not to be trustworthy?

c Which cultural type may be slightly more resistant to foreigners?

d Is your culture high- or low-context? How typical are you of your culture?

9 1.07 You are going to listen to the opening minutes of a negotiation between an American team (low-context) and a Mexican team (high-context). Which of the behaviour patterns below do you think they'll display? Mark them L or H. Then listen and check your predictions.

seems to be in a hurry ☐ uses family names to begin with ☐ insists on first names ☐
seems more interested in the products than the people ☐ tries to make small talk ☐
isn't listening very closely ☐ seems less clear about the objectives of the meeting ☐

10 How often do you negotiate with people you know well? Complete the sentences below. They're all about catching up with old colleagues.

a H_w l_ng h_s _t b__n n_w?
b H_w _r_ y__ k__p_ng?
c Y__'r_ l__k_ng v_ry w_ll.
d Wh_t h_v_ y__ b__n_p t_?
e W_r_n't y__ m_v_ng h__s_?
f H_v_n't y__ j_st c_m_ b_ck fr_m h_l_d_y?
g D_ y__ g_t t_ pl_y m_ch g_lf th_s_ d_ys?
h D_dn't _ h__r y__ w_r_ b__ng pr_m_t_d?
i H_w _r_ y__ s_ttl_ng _n t_ th_ n_w j_b?
j H_w d_d th_t d__l w_th BMW g__n th__nd?

11 Work with a partner. Turn to page 83 to practise catching up. You can use the online feedback form to evaluate each other's skills.

2B Relationship-building

An ancient Chinese proverb says: 'People who are like each other, like each other.' Remember that the other party may be feeling defensive, confrontational or apprehensive. Finding a common bond puts them at ease. The easiest way to build rapport is to talk about anything except the subject of your negotiations.

Michael Soon Lee, CEO EthnoConnect

1 If you took Michael Soon Lee's advice, what sort of subjects could you talk about to build rapport with a business partner you don't know well? What kind of things could you try to find in common? Are there any topics to avoid?

2 **1.08–1.09** Listen to two pre-negotiation conversations. The speakers work hard to build rapport. Number the things they find in common in the order they are mentioned:

conferences ☐	colleagues ☐	languages ☐	wine ☐
sport ☐	education ☐	cities ☐	names ☐

3 **1.08–1.09** Can you remember what the speakers said about the following? Listen again if you need to.

First conversation

Groupe Laconte	Paris V	1980s	Prof. Henri Nerval
Granisitron	Katowice	largest in Europe	decentralisation

Second conversation

Brasilia	2007	sightseeing	popular in Japan
caipirinha	Rio Pedra	Stone River	Ishikawa

4 Are there circumstances in which small talk could actually be counter-productive? Read what Guhan Subramanian, professor at Harvard University has to say:

Look for context clues. Does your counterpart ask whether you'd like some coffee or immediately direct you to your chair? Trying to engage in small talk may irritate her in the second scenario. Suppose that you are waiting for your counterpart in her office and the diplomas hanging on the wall tell you that you both graduated from the same college. This coincidence is likely to forge a connection. Yet complimenting your counterpart on her beautiful family based on some framed photos might be a mistake.

Guhan Subramanian, professor at Harvard Law School and Harvard Business School

5 Work with a partner. If there were seven rules for building rapport with business contacts, what do you think they would be? Now read the text opposite and complete the missing expressions. They were all in the conversations in **2**.

The Seven Rules of Rapport

1 **Use your prior knowledge of the people you're doing business with to get things moving:**

I be..... you're op..... a new plant in Poland. I hear you're in talks with a new supplier.

Didn't I re..... so..... that you're decentralising? I understand you used to work for Siemens.

2 **Make informed guesses about your partner and their business to keep things going:**

S..... you ob..... s..... French, Dr Martinelli. I suppose you were at the Tokyo Conference.

I imagine it's fun living in a city like Rio.

You m..... h..... worked with Professor Nerval.

3 **Ask lots of safe questions about interests and opinions to keep the focus on the other person:**

Is this your f..... t..... in Brazil, Mr Ishikawa? Did you g..... to see m..... of the city?

Tell me, are you i..... in football a..... all? Do you play any sport yourself?

4 **React to what your partner tells you to create empathy before continuing the conversation:**

Oh, r.....? Is th..... so? How fascinating! Oh, I s..... . How exciting! What a sh.....!

That's in..... . What a nuisance! That's good news. Oh, that's a pi..... That's a co..... .

Sm..... wo.....!

5 **If you are the host, take every opportunity to show your guests hospitality:**

L..... me in..... you to the rest of the te..... .

I'd l..... you to m..... my colleague, Dr Martinelli.

H..... you tr..... caipirinha, Mr Ishikawa? L..... me re..... your glass.

We mu..... make s..... you see so..... of Rio.

In that c..... , I'll s..... what we can arr..... .

6 **If you are the guest, take every opportunity to pay your hosts subtle compliments:**

De..... to meet you at la..... . I've h..... a lot about you. I'm very impressed with your new offices.

7 **Try to avoid single sentences. If you can, add on an extra comment or a question:**

Th..... is Dr Élise Fleurie. She'll be le..... the negotiations f..... Groupe Laconte.

A..... , I was in Brasilia a f..... years a..... – for the engineering conference.

> The first step in influence is building rapport.
>
> *Daniel Goleman, originator of Emotional Intelligence*

6 **You are going to practise building rapport with the representative of another company with whom you are about to negotiate. First of all, decide who's the host and who's the visitor. Your objectives are to:**

- keep the conversation moving without talking business too much at this stage
- show you have done your homework on your opponent's company and culture
- create a good atmosphere for business by showing hospitality and paying compliments
- find things in common with your opponent to set a collaborative tone for the negotiation.

Turn to page 84 to prepare your conversation. You can use the online feedback form to evaluate each other's social skills.

7 **Now using the information you found out in 6, introduce your negotiating partner to your trainer and/or other members of your group.**

Let me introduce you to ... This is ... He/She was just saying ...

3 Establishing a procedure

> We cannot negotiate with those who say 'What's mine is mine and what's yours is negotiable.'
> *John F. Kennedy, former US President*

1 How important is it to make the objectives of a negotiation clear to both sides at the outset?

2 1.10 Listen to negotiators from two different countries discussing the question in **1** and discuss the points below with a partner.

a In what way is a negotiation different from a debate?

b When might sticking to your agenda be a bad idea?

3 Should you make sure the other party knows exactly what is non-negotiable right at the start?

Preliminary meeting with Edelman GmbH GreenWay

DRAFT AGENDA

Meeting objective

To agree terms of a li..... ag.....

between Edelman (li.....) and GreenWay (li.....) for the ma..... , ma..... and di..... of plant growth enhancer Nutrizyme (patent reg. no. NZ009S)

Discussion points

1 Outline of respective po..... (09.30–11.00)

- mutual benefits of the in.....
- long-term go.....
- fit between the two co.....

Coffee

Question of global ex.....

2 Details of the agreement (11.30–13.00)

- sc..... of the licence
- te..... in which the licence applies
- te..... of the licence

Re..... method: lump sum or staged payment?

Lunch

4 1.11 Listen to the opening of a negotiation between German biotech start-up Edelman and Canadian agribusiness giant GreenWay and complete the draft agenda.

5 Briefly summarise the items on the agenda, as you understand them, to a partner and check you have exactly the same information.

6 Confer with other members of your group to see if there are any discrepancies in your agendas.

7 The expressions below are useful in establishing a negotiating procedure. You heard them all in the negotiation you listened to in **4**. Write in the following pairs of words:

seem + agreement begin + procedure allocate + matter negotiate + terms
look + meeting fit + plans establish + basis look + question
start + positions add + agenda move + details decide + order

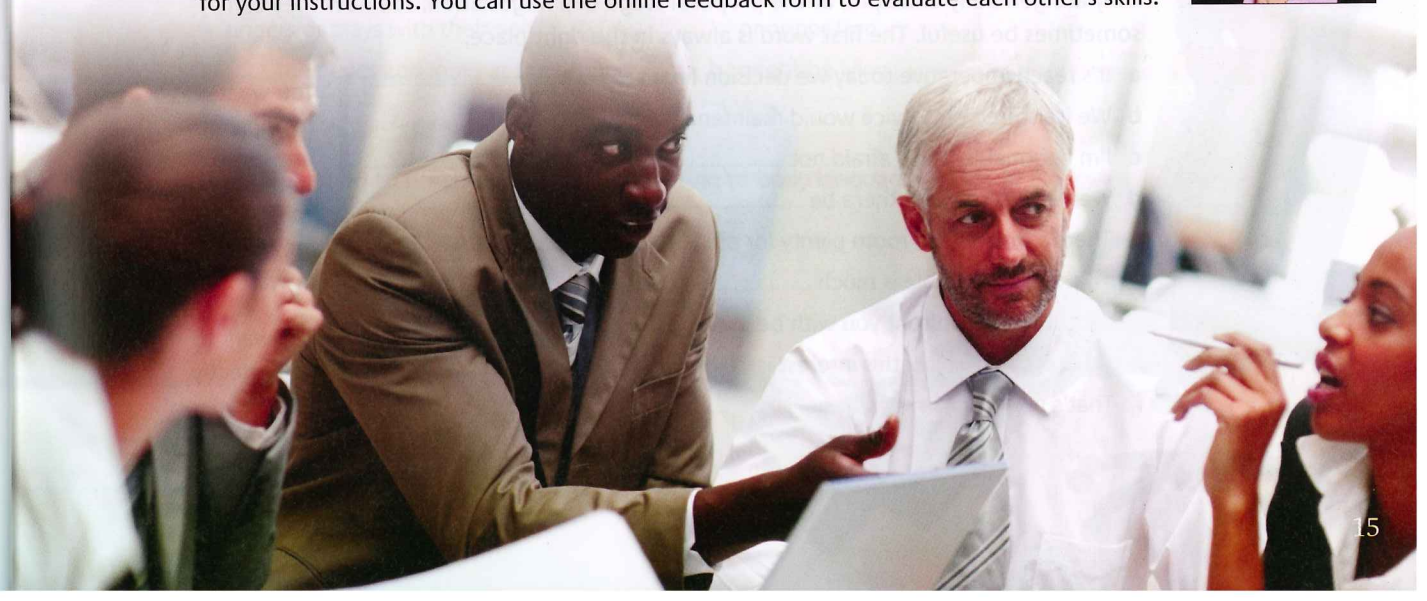
a We ..... forward to what we hope will be a very productive ..... .
b May I ..... by suggesting a ..... for this morning's session?
c Our main objective today is to ..... the ..... of a licensing agreement.
d In particular, what we'd like to ..... is a strong ..... for moving our collaboration forward.
e How does that ..... in with your own ..... ?
f Perhaps we could also ..... more closely at the ..... of exclusivity.
g Certainly. I'll ..... that to the ..... .
h Well, we ..... to be in ..... on our objectives.
i So, I think we should now ..... the ..... in which we'd like to discuss the main issues.
j Perhaps we could ..... off by outlining our respective ..... .
k If that's OK with you, we could then ..... on to the ..... of the agreement itself.
l Could I also suggest we ..... some time to the ..... of remuneration method?

8 1.11 Listen to the negotiation extract again if you need to and check your answers in **7**.

9 Consider what negotiation expert Leigh Thompson has to say about setting the agenda for a negotiation. Why do you think she warns against the 'laundry list' approach?

> In a negotiation, players explicitly or implicitly follow an agenda. Most commonly, negotiators discuss the issues in a one-by-one, 'laundry list' fashion. We strongly dissuade negotiators from considering issues one at a time.
>
> *Dr Leigh Thompson, Kellogg School of Management, Northwestern University and author of* The Truth about Negotiations

10 You are going to set up one of the most bizarre negotiations of all time! Turn to page 85 for your instructions. You can use the online feedback form to evaluate each other's skills.



4A The proposal stage

> When money is at stake,
> never be the first to mention sums.
> *Sheikh Ahmed Yamani, former Saudi oil minister*

1 How far do you agree with Sheikh Yamani that you should delay talking figures in a negotiation until the other party mentions them?

2 What are the vital ingredients of a good opening proposal in a negotiation? Compare with a partner. Then complete the diagram below.

options strategy proposal corner flexibility demands room figures

PROPOSALS

a Don't make too many ..... at this stage.

b Keep all your ..... open.

c Make your ..... hypothetical.

d Show some ..... but not too much.

e Leave yourself ..... for manoeuvre.

f Don't give away your ..... .

g Don't talk ..... too soon.

h Don't force the other party into a ..... .

3 1.12 Listen to extracts from four different negotiations. According to the advice in **2**, what are the negotiators doing wrong?

Extract 1: ..... Extract 3: .....

Extract 2: ..... Extract 4: .....

4 You heard the expressions below in **3**. Put the words in the right order. Even though they are generally unhelpful at the proposal stage of a negotiation, see how they can sometimes be useful. The first word is always in the right place.

a It's reach imperative today we decision final a .....
b We insist free on service would maintenance and .....
c I'm negotiable that's afraid not .....
} You want to apply pressure.

d We flexible very can there be .....
e There's manoeuvre room plenty for of .....
f This very negotiable is much .....
} You want to move things forward.

g Let totally me upfront you with be .....
h Our negotiation key this interest is in this .....
i That's priority high such us not for a .....
} You want to be perfectly clear.

5 Make the statements in **4** more open-ended, using the words below. The first one has been done for you as an example.

a Ideally – like – reach *Ideally, we'd like to reach a final decision today.*

b would hope – included

c can't – very flexible – afraid

d There might – some flexibility

e There may – some room – manoeuvre

f We would – prepared – negotiate – necessary

g If – can – frank – a moment

h This – one – top priorities

i That may – less – a priority – us

6 **1.13** In a negotiation, body language can often tell you as much as words and tone of voice. Listen to a body language expert talking about how to read your opponent's mood in a negotiation and answer the questions.

a What does the expert say about jumping to conclusions?

b Why does she advise looking out for body language 'clusters'?

c How does she suggest you react to your observations?

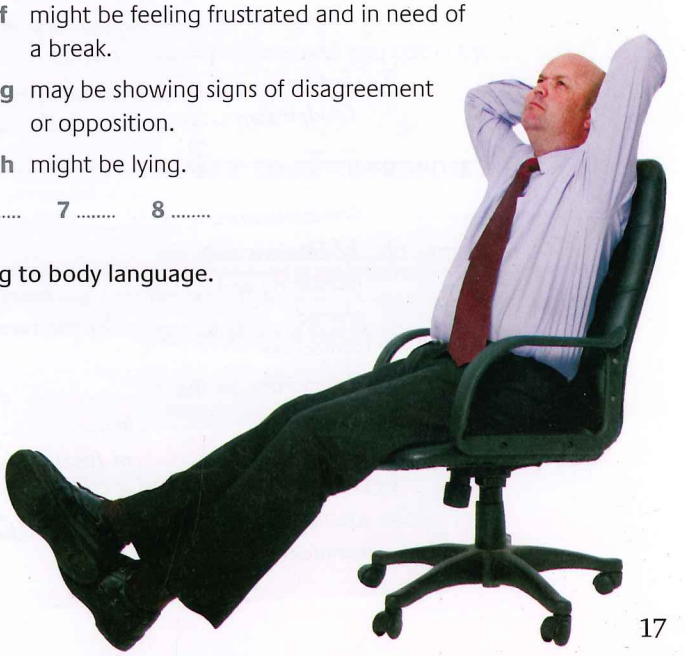
7 Test your non-verbal IQ by matching up the sentence halves below. The first one has been done for you as an example. You can check your answers on page 64.

A negotiator who ...

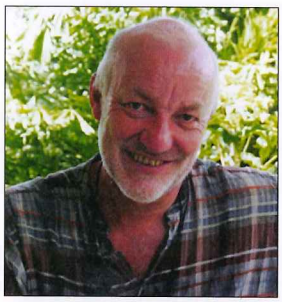
1 avoids eye contact and shifts around in their chair while you speak	a is fairly positive about, or at least open to, what you're saying.
2 avoids eye contact and shifts around in their chair while they speak	b is feeling confident or in a position of power.
3 is leaning towards you and nodding their head as you speak	c is probably not paying much attention to you.
4 leans back and crosses their arms and legs	d is concentrating on and thinking about what you're saying.
5 leans back with their hands behind their head and looks you straight in the eye	e probably doesn't like what they're hearing.
6 tilts their head to one side and strokes their chin	f might be feeling frustrated and in need of a break.
7 looks around the room, drums their fingers or plays with their pen	g may be showing signs of disagreement or opposition.
8 rubs their eyes and looks at the ground	h might be lying.

1 ...e... 2 ..... 3 ..... 4 ..... 5 ..... 6 ..... 7 ..... 8 .....

8 Turn to page 86 to practise reading and reacting to body language.



4B The proposal stage



Making a proposal is fundamental to all negotiation. It is vital to decide early on in the planning process whether you wish to speak first or to respond to the proposal from the opposition. This decision is a crucial part of negotiating strategy. … When you have heard … the other party's offer, do not feel obliged to respond immediately with a counter-offer. Remain as inscrutable as possible while summarising the proposal as you have understood it.

Tim Hindle, founder of the Working Words consultancy

1 Consider what top business writer and consultant Tim Hindle has to say about making and responding to proposals in negotiations and discuss the following points.

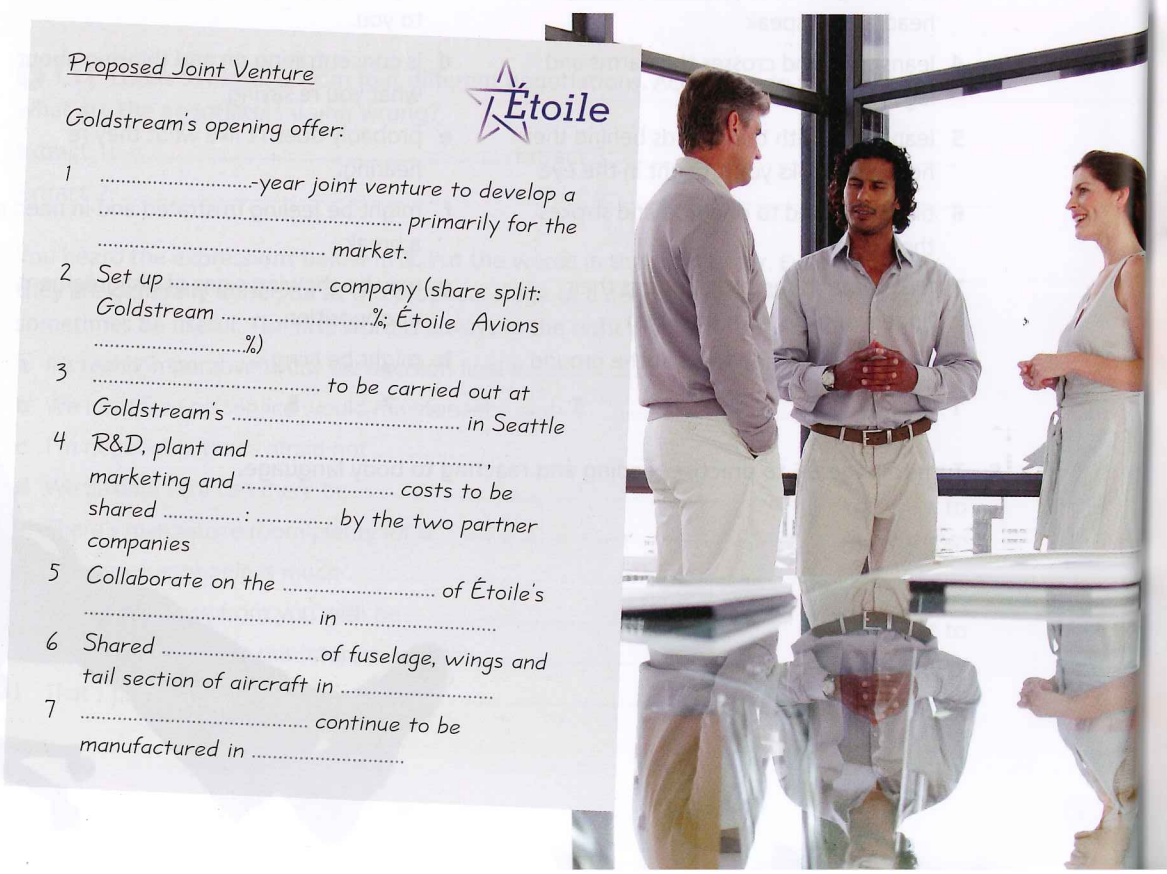
a What are the advantages of speaking second? Is there any advantage in speaking first?

b What if both teams want to wait and see what the other side is offering before speaking?

c What do you think Hindle means by 'remain as inscrutable as possible'?

d Why is summarising the other party's proposal better than immediately responding to it?

2 1.14 You are attending the opening stages of a negotiation between two aircraft manufacturers, Goldstream and Étoile Avions, to discuss a possible joint venture. You are part of the French team. Listen to the initial proposal put forward by Milton Randall, Goldstream's CEO (private aircraft division) and complete the notes below. Don't worry if you can't get all the details first time. You'll get a chance to hear them again during the Q&A session in **4**.



Proposed Joint Venture

Étoile

Goldstream's opening offer:

1 .....-year joint venture to develop a ..... primarily for the ..... market.

2 Set up ..... company (share split: Goldstream .....%; Étoile Avions .....%)

3 ..... to be carried out at Goldstream's ..... in Seattle

4 R&D, plant and ....., marketing and ..... costs to be shared .....: ..... by the two partner companies

5 Collaborate on the ..... of Étoile's ..... in .....

6 Shared ..... of fuselage, wings and tail section of aircraft in .....

7 ..... continue to be manufactured in .....

3 From what you have just heard, what points would you want clarifying? Compare with a partner.

4 1.15 Now listen to Éloise Lamarre, head of new product development at Étoile Avions, clarifying Randall's opening position. Check the notes you completed in **2**. What further information does Randall give about the following?

a R&D
b Polish plant expansion
c Goldstream's majority stake in the venture

5 1.16 Finally, listen to Lamarre's counter-proposal and answer the following questions:

a What key advantages does she see in the joint venture?
b What are the three main areas of disagreement with what's currently on offer?

6 The diagram below shows part of the exchange between the two negotiating teams you have just listened to. Add the expressions below to the diagram according to their function.

That's our current position, yes. We'd like to work with a partner who ...
Now, in terms of ..., we had a slightly different arrangement in mind.
So as I understand it, ... Well, let me say, first of all, that our initial reaction is ...
Sorry, perhaps I didn't make myself clear. So, let me just get this straight.
What we envisage is ... We'd also like to see a bit more flexibility on ...
OK, so what we're looking at is ... – is this an accurate summary of where you stand?

TEAM 1: PROPOSE

OK, basically, what we're proposing is ...

a .....

We're particularly interested in exploring ...

b .....

The important thing at this stage is for us to ...

TEAM 1: CONFIRM OR CORRECT

Yes, that's correct.

f .....

Broadly speaking, yes.

g .....

When I said ..., what I meant was ...

TEAM 2: SUMMARISE

c .....

And what you're looking for is ...

d .....

So, if I understand you correctly, ...

e .....

TEAM 2: COUNTER-PROPOSE

h .....

We welcome the opportunity to ...

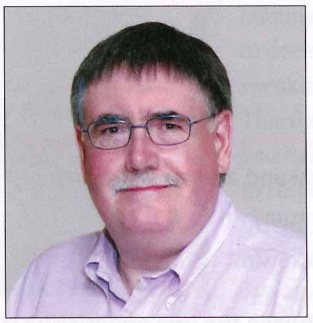
i .....

So, what we'd like to suggest is ...

j .....

7 Work in teams to practise summarising proposals. Speakers 1 and 2 see page 87 and Speakers 3 and 4 see page 104. You can use the online feedback form to evaluate each other's skills.

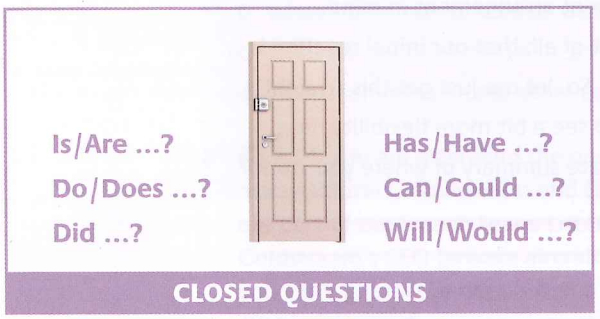
5A Questioning techniques

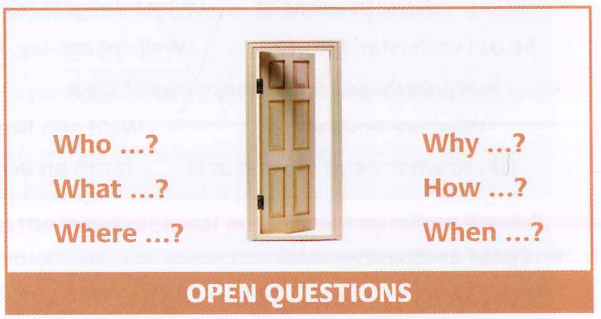


Information is crucial to the outcome of a negotiation and you should take the initiative with a well-practised and thorough questioning technique. Not only will appropriate questioning provide you with information but the phrasing and skill used should stimulate a more open exchange of views.

Paul Steele and Tom Beasor, international negotiators and authors

1 Negotiation experts Paul Steele and Tom Beasor place a high value on the art of questioning. What kind of questions are more likely, as they put it, to 'provide you with information' and 'stimulate a more open exchange of views'? Why?





2 Closed questions (those which can be answered 'Yes' or 'No') may not stimulate much discussion, but they can be an effective way of setting the *boundaries* of discussion. Imagine you need a supplier to deliver by June 1st. What are the pros and cons of asking the following questions?

a Can you deliver by June 1st?

b Can you deliver by May 1st?

c When can you deliver (by)?

3 The danger of overusing closed questions is that you might get more 'No' answers than you'd like. To avoid an immediate negative response, rephrase the following as open questions using the words in brackets to help you.

a Are you happy with the revised delivery schedule? **(how – feel)**

b Can you assure us that our order will be given priority? **(what assurances – give)**

c Good. We seem to be making progress, don't we? **(so, what – have – so far)**

d Are you satisfied with the product specifications? **(how well – meet – requirements)**

e Would you be prepared to reduce the unit price? **(how flexible – can – be – price)**

f But you won't accept a letter of credit? **(may – ask why – wouldn't – acceptable)**

g So maintenance is not included? **(what circumstances – might – prepared – consider)**

h And sale-or-return is not an option? **(supposing – *was* an option – how – change things)**

4 In an effective negotiation are the negotiators more likely to move from closed to open or open to closed questions? Why?

5 1.17 Listen to three versions of the same negotiation and answer the questions.

Extract 1: What two main things is the questioner doing wrong?

Extract 2: How does the questioner smoothly lead her opponent to a 'Yes'?

Extract 3: What technique is the questioner using here? How effective is it?

6 Turn to page 88 to practise answering questions with questions.

7 In the very early stages of a negotiation, before anything has been agreed, 'What sort of ...?' questions are common. Complete the examples below. You heard them all in **5**.

at of to for for with about towards

So, what sort of ...

1 figure were you thinking .....?
2 time-frame are we looking .....?
3 discount were you hoping .....?
4 delivery date are we working .....?
5 alternatives would you be open .....?
6 volume are we talking .....?
7 arrangement would you be happy .....?
8 investment have you budgeted .....?

8 Now match the questions in **7** to the answers below.

a I'd say between five and six months.
b Probably about 20,000 units.
c October 12th or thereabouts.
d Ideally, we'd like 120 days' credit.
e Well, certainly not less than 7%.
f Somewhere in the region of $12 million.
g At this stage we're open to suggestions.
h Well, somewhat lower than the one you've quoted us.

1 ..... 2 ..... 3 ..... 4 ..... 5 ..... 6 ..... 7 ..... 8 .....

9 Underline the examples of the language of approximation in **8**. There are at least five. Why is this useful at this stage of a negotiation?

10 Towards the end of a negotiation, when you're trying to close the deal, 'fixed choice' questions can help to pin the other side down to a decision. Match up the following. The first one has been done for you as an example.

Would you
1 prefer
2 rather
3 be happier

a arrange your own insurance or shall we do it?
b it if we discussed this now or at our next meeting?
c we serviced the machinery or will you do this?
d if you could pay in euros or are you OK with dollars?
e ordering every six months or every three?
f to pay the whole sum upfront or in instalments?
g with our standard or extended guarantee?

11 Turn to page 89 to practise different questioning techniques.

5B Questioning techniques

Before you agree to anything, you need to ask questions to clarify any points that are critical to the negotiation. 'Could you explain what you mean by …?' 'Can we go over the figures again?' Asking questions gives you time to think and acts as an excellent alternative to disagreement. If others seem reluctant to spend time elaborating, try explicitly signalling your questions. Say something like: 'May I ask you a question about that?'
Kate Keenan, Keenan Research Limited

1 Kate Keenan is an occupational psychologist and management trainer. How far do you agree with her that questions buy you time to think?

2 1.18 Keenan stresses the importance of clarifying critical issues before you agree to them. Work with a partner. Take it in turns to clarify the issues in bold below, using the words in brackets to help you. The first one has been done for you as an example.

a So you'd be happy with **deferred payment**?
(well, could – explain – mean by)
Well, could you explain what you mean by deferred payment?

b So, for the **upgrade** that would be €9,000 over six months at 6.75% interest, OK?
(sorry, can – go over – figures for – again)

c Now, I don't think we need to discuss the matter of **penalty clauses**, do we?
(well, when – say – what exactly – mean)

d I take it, then, that you'd have no objection to covering **costs**?
(sorry, exactly which – referring to)

e So can we now settle the question of the **payment plan**?
(well, could – just say – bit more – what – involves)

f So if the **product specs** meet your needs, let's move on to freight charges.
(sorry, but could – just run through – again)

g OK, so we've looked at a **breakdown of the costs**. Is everything clear so far?
(well, hang on – minute – just go back through – bit more detail)

Now listen and compare your version with the recording.

3 1.19 Keenan also remarks that asking questions is 'an excellent alternative to disagreement'. Listen to six questions asked during a negotiation. With a partner, decide if the questioner is **a** showing signs of disapproval or disagreement or **b** just genuinely wants to know more.

Questioner 1: a or b
Questioner 2: a or b
Questioner 3: a or b
Questioner 4: a or b
Questioner 5: a or b
Questioner 6: a or b

How were you able to decide who disagreed?

4 Now look at the questions below and underline the words you could stress to indicate you're not happy with your opponent's proposal. There may be one or two alternatives.

a Did you say you need three more months to complete the project?

b Was that a surcharge of thirty percent?

c So you're still not happy with the price?

d Sorry, how much is delivery going to cost?

e So it won't be ready until March?

f And that's as high as you can go?

5 1.20 Your tone of voice can have a powerful effect in a negotiation. Practise asking the questions in **4** in three ways: neutrally, to show subtle disapproval and to show total outrage! Then listen and compare your version with the recording.

6 1.21 Another simple but effective way to show disapproval is to repeat part of what your opponent says as a query:

A: Of course, customisation would double the price.

B: Double the price?

A: Er, well, yes.

Work with a partner. Take turns to query the key parts of the statements below. Then listen and compare your version with the one on the CD.

a Completion might take six months.

b A price increase might be necessary.

c We had a bigger discount in mind.

d The patents would run out after a year.

e We'd need to pass on the extra costs.

f Insurance wouldn't be included.

7 1.22 Listen to a Japanese negotiator explaining how to use the dramatic pause in response to a proposal and answer the questions.

a What's the meaning of the Japanese proverb she quotes?

b Is silence in a Japanese negotiation a good or bad sign?

c Why do the Japanese sometimes use silence as a tactic?

8 As Keenan points out, sometimes you have to signal your questions if you want to be sure of getting the other party's attention. Put the following question signals in order. The first word is always in the right place.

a May question you ask a that about I?.....

b Could me just you thing clarify for one? .....

c Sorry, clear want I get to this but quite. .....

d There's thing not I'm clear still about quite one. .....

e While just the question we're more subject, on one. .....

9 Work with a partner to practise querying, clarifying and disagreeing through questions. Speaker 1 see page 90 and Speaker 2 see page 105. You can use the online feedback form to evaluate each other's skills.

6A Exploring interests

Negotiators are detectives. They ask probing questions and then shut up. The other negotiator will tell you everything you need to know – all you have to do is listen.

Ed Brodow, negotiation expert and author of Negotiation Boot Camp

1 Consider the advice of negotiation expert Ed Brodow and discuss these questions.

a How many ways can you think of in which 'negotiators are detectives'?

b Why is it so important to 'shut up' after you've asked a question?

c What if you don't like the answer you're getting? Should you interrupt?

d Just listening isn't as easy as it sounds. What can you do to help you listen more effectively?

2 Give your questioning and listening skills a quick tune-up! Write down a one-sentence summary of a recent company decision, a piece of industry news or market trend. Now swap summaries with a partner and:

- read what they wrote down
- ask them to clarify or elaborate
- listen to their answer and don't interrupt
- keep asking follow-up questions to probe further
- after a couple of minutes, briefly summarise what they said
- keep checking as you summarise that your summary is accurate.

3 How do you rate your partner's summary in **2**?

An accurate summary ⟷ A couple of misunderstandings ⟷ Did they hear a word I said?

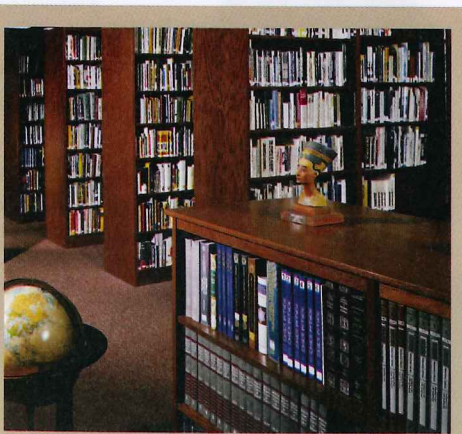
4 How difficult did *you* find it to listen to and recall what your partner said?

5 Roger Fisher and William Ury wrote the world's bestselling book on negotiation, *Getting to Yes*. Read the first half of one of the stories they tell in their book. How would you resolve the situation they describe?

© Carl Studna

Consider the story of two men quarrelling in a library. One wants the window open and the other wants it closed.

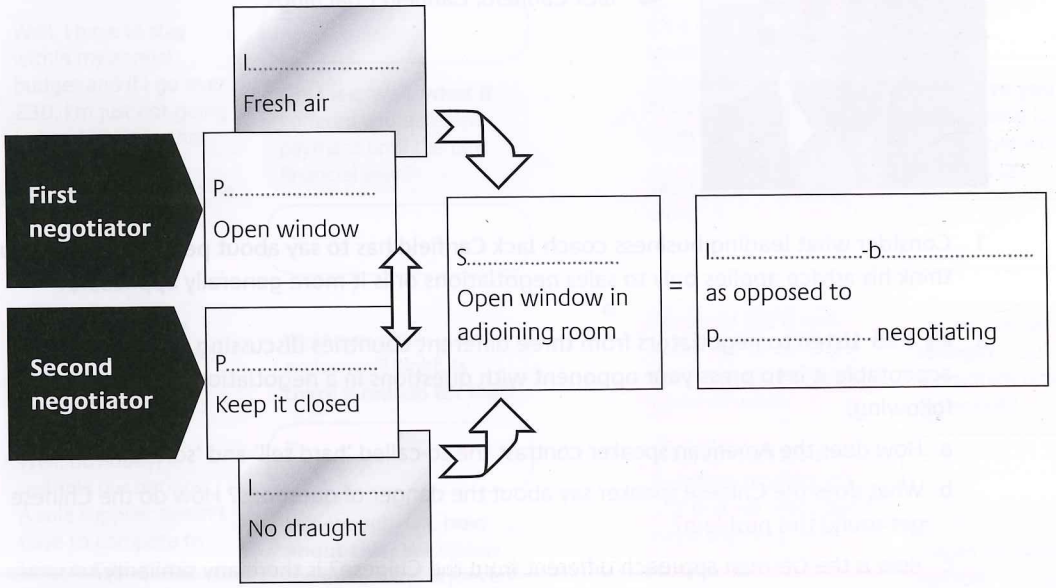
They bicker back and forth about how much to leave it open: a crack, halfway, three quarters of the way. No solution satisfies them both …



6 Turn to page 91 to read the next part of the story. Does the extra information help you find a better solution?

7 Now turn to page 106 to find out how the problem was solved. Did you come up with a similar solution?

8 1.23 Listen to part of a negotiation training seminar for a group of international executives who have just read the same story from *Getting to Yes*. Complete the trainer's visual aid as you listen.



9 What's the key difference between negotiating positions and interests?

10 1.24 Now listen to the next part of the seminar and briefly define the terms below. Then compare definitions with a partner.

A compromise is .....

A solution is .....

Hard negotiation is .....

Soft negotiation is .....

Principled negotiation is .....

11 An executive and their boss are about to have a difficult phone call concerning a missed deadline.

Work in groups of three to practise finding common ground through probing with questions and principled negotiation. Try to resolve the problem.

Speaker 1 turn to page 91 and Speaker 2 turn to page 106. The third group member should take notes on the other two using the online feedback form.

6B Exploring interests

Some people fold after making one timid request. They quit too soon. Keep asking until you find the answers. In sales there are usually four or five 'Nos' before you get a 'Yes'.
Jack Canfield, Canfield Coaching

1 Consider what leading business coach Jack Canfield has to say about persistence. Do you think his advice applies only to sales negotiations or is it more generally applicable?

2 1.25 Listen to negotiators from three different countries discussing how culturally acceptable it is to press your opponent with questions in a negotiation and discuss the following.

a How does the American speaker contrast the so-called 'hard sell' and 'soft sell'?

b What does the Chinese speaker say about the danger of questions? How do the Chinese get round this problem?

c How is the German approach different from the Chinese? Is there any similarity?

d Which of these three people would you rather negotiate with?

3 Huthwaite International is the world's leading research-based negotiations training company. Read the following extract from one of their reports on skilled negotiator behaviour. What point are they making about how to be persuasive?

Skilled negotiators use lots of questions – more than twice as many as the average negotiator. The most common uses are to uncover the other party's position and explore its rationale. Average negotiators, by contrast, attempt to persuade the other side by bombarding them with information and reasons to support their case. You've no doubt been on the receiving end of this kind of 'persuasion' and know that it usually fails to influence you.

Have you ever been 'on the receiving end' of the kind of persuasion the report mentions? Tell the story.

4 1.26 Look at the conversations opposite. Notice the pattern:

1 First negotiator takes an inflexible position

2 Second negotiator probes further with a question

3 First negotiator reveals the interest behind their position

4 Second negotiator generates an interest-based option

5 First negotiator shows more flexibility

Replace the phrases in **bold** in the conversations opposite with similar phrases from the boxes. Then listen and check your answers.

a–c

do you mind if I you're saying
a possible solution might supposing
here's an idea what's the thinking behind

a

Look, I've done my calculations on this and €230 per unit is as high as I can go.

OK. **Can I just** ask why that figure is not negotiable?

=

Well, I have to stay within my annual budget and if I go over 230, I'm just not going to be able to do that.

Oh, I see. Well, **what if** I offered you *deferred payment* until the next financial year?

I suppose that might be an option.

=

b

Well, no, the thing is, you see, we never give our suppliers *exclusivity*.

You never give exclusivity? Right. **Is there a reason for** that?

=

Well, obviously, it restricts our options. A sole supplier doesn't have to compete to keep our business.

Fair enough. OK, **how about this**? We review the exclusivity, say, every six months?

Hmm, how about every four?

=

c

Ordering 20,000 units is completely out of the question. We just don't hold that much stock.

You mean you don't have the capacity to carry that amount of *inventory*?

=

No, no, we have the storage space all right. I just don't like *tying up* that amount of capital.

So, **the answer could** be to simply *stagger the payments* over a longer period of time.

Well, it would have to be interest-free.

=

d–f

how much of a priority for the sake of argument
check I've understood you correctly how about
give me an idea of we may have an alternative

d

Frankly, I'm not happy about paying 30% extra for *custom-printed packaging*.

I see. Well, **how important** is it that the boxes are in your company colours?

=

It's a question of brand identity. The colours are not so important, but our logo has to go on everything.

Well, **have you thought of** just using logo stickers? That would work out a lot cheaper.

Yes, I guess that could work.

=

e

I'm afraid this is well *out of our price range*. We had a rather lower figure in mind.

OK, let me just **get this straight**. You're saying the system is simply too expensive?

=

Well, I'm sure it's an excellent product. It's just that we really don't need anything quite this sophisticated.

Ah, in that case, **there might be another option**. We do still stock the old system.

Oh, really? And how much is that?

=

f

I think that's as far as we can go, unless you're prepared to reconsider discounts.

OK, so, can you **tell me roughly** what sort of discount you were looking for?

=

Well, our current supplier is giving us 17% as well, but they pay for half the transport costs.

OK, just **thinking out loud for a moment**, let's say we covered all the *freight charges*.

Well, yes, that would change things.

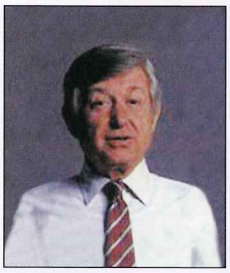
=

5 With a partner, check you know the meaning of the words and phrases in italics in **4**. Use the context to help you.

6 Congratulations! You've just been promoted and are now going to negotiate your remuneration package. Speaker 1 see page 92 and Speaker 2 see page 106. You can use the online feedback form to evaluate each other's skills.

7 1.27 Listen to a British businessman talking about the strangest negotiation he ever saw. Pause before you hear the end of the story. Using the knowledge you have gained in this module, decide what you would do. Then listen to what happened.

7A The bargaining zone



In a successful negotiation, everybody wins.
Gerard Nierenberg,
The Negotiation Institute

1 Gerard Nierenberg is the founder of the world's longest-established negotiation training company and author of the bestselling classic *The Art of Negotiating*. How far do you agree with his definition of a successful negotiation?

2 2.02 Listen to negotiators from Thailand and Russia discussing the issue in **1**.

a Which negotiator takes a win–win and which a win–lose approach?

b Which of the stories they tell can you relate to more? Explain why.

3 Read the extract below from *How to be a Better Negotiator* by negotiation experts John Mattock and Jöns Ehrenborg. Find words and phrases meaning:

a negotiable issues

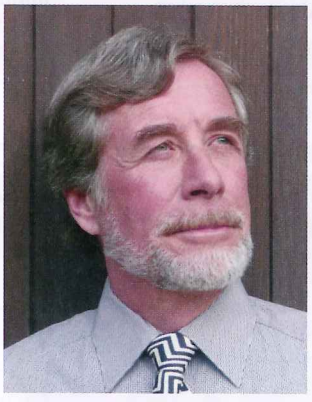
b set of proposals

c willingness to make compromises

d exchanging one thing for another

e total victory

f both sides give things away

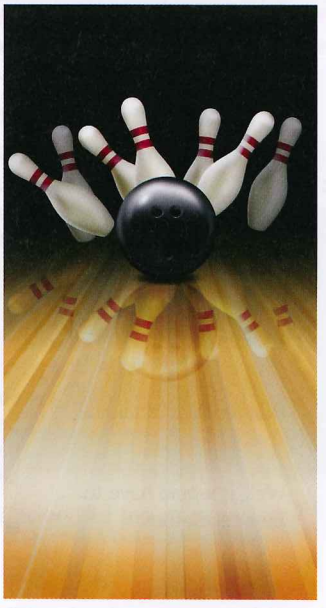


John Mattock, Right Brain Training Ltd

If there are seven variables in your negotiation package, with room for a bit of give-and-take on each variable, then you should be aiming for healthy trade-offs, not the obliteration of all your opponent's hopes in a seven-nil wipeout.

Ideally, you should come out feeling you've done well on four or five out of the seven – and your opponent should be feeling he has done well on four or five out of the seven – win:win.

In each trade-off you try to deliver something of high value to your opponent, which costs you little; or you try to extract from him something which costs him little, but means a lot to you. To emphasise the two-way flow of concessions, discipline yourself always to say 'If you will ..., then I can ...'.



4 Now discuss these questions.

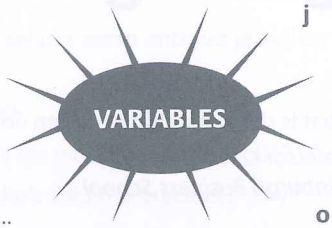
a Would you be satisfied getting 60 to 70% of the things you want in a negotiation or would you prefer to go for 'a wipeout'?

b How is it possible for *both* sides to get most of the things they want?

c Do you agree that you should always attach a condition to every offer?

5 Turn to page 93 to practise bargaining in an unusual situation – your inheritance is at stake!

6 What are the main variables in a typical sales negotiation? Complete the diagram below.



a unit .....
b delivery .....
c volume .....
d after-sales .....
e spare .....
f free .....
g payment .....
h exclusivity .....
i discount .....
j customised .....
k repeat .....
l transportation .....
m penalty .....
n interest-free .....
o 12-month .....
p exchange rate .....

a–h

parts service terms price
clause business times maintenance

i–p

guarantee order price clause
costs credit packaging fluctuations

7 Which of the variables in **6** can you:

a cover? b quote? c offer? d provide? e enforce? f require?

8 2.03 Listen to eight short extracts from negotiations. Two of the variables in **6** are discussed in each extract. Which ones?

Extract 1: ☐☐ **Extract 3:** ☐☐ **Extract 5:** ☐☐ **Extract 7:** ☐☐
Extract 2: ☐☐ **Extract 4:** ☐☐ **Extract 6:** ☐☐ **Extract 8:** ☐☐

9 Ehrenborg and Mattock stressed the importance of attaching conditions to offers. Work with a partner. Compare the following pairs of statements:

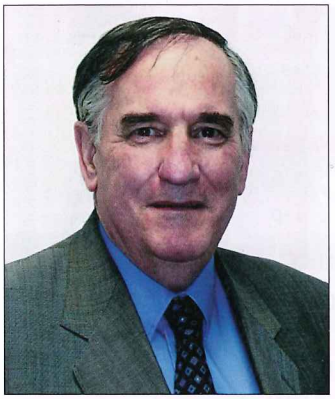
If you cover transportation costs, we'll consider placing a bulk order. ☐	**a** Which sounds more tentative?	If you covered transportation costs, we'd consider placing a bulk order. ☐
Include after-sales service and you've got yourself a deal. ☐	**b** Which sounds more pushy?	Provided you include after-sales service, I think we have a deal. ☐
Unless you can offer us interest-free credit, I don't see us reaching a deal. ☐	**c** Which sounds more threatening?	No interest-free credit, no deal. ☐
We've no objection to an exclusivity clause as long as the price is right. ☐	**d** Which sounds more flexible?	We can accept the exclusivity clause only on condition that you lower your price. ☐
Given that you're reducing the price, we might want to increase our order. ☐	**e** Which refers to a condition which has already been met?	Assuming that you reduce the price, we might want to increase our order. ☐

10 Make both concessions in **9d** more tentative by changing the verb forms.

11 Which of the concessions in **9e** is unnecessary and why?

12 Turn to page 94 to practise bargaining and attaching conditions to your offers. You can use the online feedback form to evaluate each other's skills.

7B The bargaining zone



What is the worst thing you can do to a negotiator?
Professor Gavin Kennedy, Edinburgh Business School

1 How would you answer Professor Kennedy's question? Discuss with a partner.

2 2.04 Listen to the answer Kennedy himself gives. Does it make sense to you?

3 Read the article below to find out how getting what you want too quickly in a negotiation can lead to disaster. Then answer these questions.

a Why is accepting a great opening offer never in your best interests?

b What do you think 'room to haggle' means?

c What exactly is 'the winner's curse'?

d Why is 'buyer's remorse' to be avoided?

Getting to 'Yes' too soon!

If your opponent makes you a fantastic first offer, an 'offer you can't refuse', why on earth would you want to refuse it? You were aiming to get $500,000 for your house and they offer you $520,000 straightaway. Why not just end the negotiation right there?

There are two good reasons why turning down the $520,000 would actually be better for both you and them. First of all, if your opponent is even an average negotiator, their first offer is very unlikely to be their best. Perhaps you've undervalued your house. You owe it to yourself to at least try and push them a little higher. If you do this diplomatically, you can always accept the 520,000 if they resist. But you might get another $20,000 out of them! Never mind that $520,000 is a good price already. What kind of businessperson are you? Negotiate!

But here's the clever part. Even if you end up accepting the $520,000, your opponent will feel much better about the deal because they had to fight for it a little. You've given them room to haggle over the price first. 'He wanted more', they'll think, 'but I wouldn't move an inch!' And they'll go away happy. If you immediately accept their first offer, what will they think? They'll think 'Damn! He couldn't sign the papers fast enough! I could have got that house for less.' Now they'll feel stupid, even though they got what they wanted. This is what's known as 'the winner's curse'!

But why should you care if they feel stupid? Because next thing you know, they'll start to suffer from 'buyer's remorse' and say just about anything to get out of the deal. 'You know, I've just noticed the roof needs some attention. And the house is quite near the main road, isn't it? We'll need to fit double-glazing to keep out the noise. How about $490,000 instead?' Bye-bye, 30,000 dollars!

And that's why in a negotiation you should never get to 'Yes' too soon.

4 **2.05** Listen to negotiators from three different countries talking about bargaining. Which is closest to the way you personally like to bargain? Compare with a partner.

5 **2.06** Listen to a market stallholder selling some antique jewellery to a tourist. Answer the questions.

a What tactics does the stallholder use?

b How well does the tourist do? What's his most successful tactic?

c What does the stallholder say *after* she's sold the bracelet? Why?

6 Match the stallholder's informal haggling language in the speech bubbles on the left to the more formal language of negotiation in the ones on the right.

1	OK, I tell you what, I'll throw this in as well.	a	That really is my bottom line on this.
2	I can't say fairer than that now, can I?	b	I may be in a position to offer a discount.
3	Now that's my final offer. I won't take a penny less!	c	It's very competitively priced.
4	Come on, you must be joking!	d	OK, well, what if this was included free of charge?
5	I might be able to do you that for less.	e	OK, I think we've got ourselves a deal.
6	I'm practically giving it away.	f	I think you'll agree these are very favourable terms.
7	Done!	g	OK, well, whilst I appreciate your offer, I'm afraid it's just not realistic.

1 ..... 2 ..... 3 ..... 4 ..... 5 ..... 6 ..... 7 .....

7 **2.07** An essential part of bargaining is deciding what your objectives are, where you'll open and at what point you'll walk away. Listen to a negotiation trainer explaining how this works and complete the chart below.

	O..... p.....	T..... p.....	R..... p.....
B.....	$.....	$.....	$.....
S.....	$.....	$.....	$.....
	Z..... of P..... A..... = $.....		

8 You are going to practise negotiating at an antiques market stall. Try to use the skills you've learned to pick up some bargains, but don't get into too much of a haggling match! Speaker 1 turn to page 94 and Speaker 2 turn to page 108. You can use the online feedback form to evaluate each other's skills.

7C The bargaining zone

BATNA stands for Best Alternative To a Negotiated Agreement. It is what you are going to do if you do not reach an agreement. Your BATNA is your source of power because the better your BATNA, the more you can demand from the other party in the negotiation. When your BATNA is poor, you become highly motivated to create value!

Professor Jeanne M. Brett, Northwestern University

1 BATNA is a term invented by Roger Fisher and William Ury in the negotiation classic *Getting to Yes*. Consider what intercultural negotiation expert Jeanne Brett has to say about this key concept and answer the questions.

a If Brett is right, how can you increase your power in a negotiation?

b Imagine that you manufacture a product which requires a special component for which your partner is one of several major suppliers. Their component is of superior quality, but you don't like their prices. What's your BATNA?

c Imagine that your partner is the *sole* supplier in the world for the vital component you need. Do you have a BATNA now? Are you sure?

d Do you think you should reveal your BATNA to your opponent? If so, when?

e What can you do in a negotiation if you genuinely do not have a BATNA? Brett suggests you 'create value'. What do you think she means by that?

2 You are going to take part in a short negotiation in a restaurant in which neither side really has a BATNA. Will you get into an argument or can you create value through skilful bargaining?

A colleague once advised you that, when eating out, you should always tip the waiter in advance rather than at the end of your meal. That way you'll get better service. So you decide to put your colleague's theory to the test.

At the end of a very successful project, you take your client out for a first-class dinner to celebrate. And when they excuse themselves for a moment, you call the waiter/waitress over, inform them that you're entertaining a VIP and would really appreciate 'the red carpet treatment'. You tell them you expect to spend around $200, but, instead of the usual $30 tip, you're prepared to give them $50 now if they make an extra-special effort.

But just as you're about to hand them the note, you change your mind. If you give them the money now, where's their motivation to give you better service? Then you have a flash of inspiration. You neatly tear the $50 bill in half, give one half to the waiter/waitress and tell them that they can have the other half when you leave if you're happy with the service. They look a little surprised, but take the money and head back to the kitchen ...

Decide with your partner who is going to play the waiter/waitress (turn to page 95) and who is going to play the diner (turn to page 109). You can use the online feedback form to evaluate each other's skills.

3 2.08–2.10 Listen to three extracts from the bargaining stage of a negotiation between the purchasing manager of a company and the salesman at a car dealership.

Extract 1

a Complete the order form below and choose the correct options.

Sterling Fleet Cars

Model: **Commute (saloon)**
Engine capacity: **1.4L / 1.6L / 1.8L**
Type: **petrol / diesel** No. units: .....
Terms: **lease / purchase**
Paint: **non-metallic / metallic***
Upholstery: **cloth / leather***
* extra charge

Extras (tick):
Extended warranty (60 months) ☐
Air conditioning ☐
Anti-rust sealant (Protex®) ☐
Global positioning system ☐

b How effective is the buyer's audible gasp after being quoted the price?

Extract 2

a What concessions does the salesman make?

b What seems to be the main sticking point at this stage of the negotiation?

c What does the salesman say about warranties and payment terms?

Extract 3

a Do the concessions get bigger or smaller towards the end of the negotiation?

b What are the terms of the final deal?

c In your opinion, is this a win–win or win–lose negotiation? Why?

4 2.08–2.10 All the sentences below were in the negotiation you have just listened to. Put the words in bold in the right order. Then listen again to check your answers.

a So what **price can sort you of me do** on that?

b To be honest with you, that is quite **bit a more planning were than we** to pay.

c We **closer were something for hoping to** fifteen thousand.

d But **some may be room manoeuvre for there** there.

e What **willing be is do we'd to** fit that at cost price.

f We might **offer you a position be in to** the V-Trak model.

g But **getting of question to the back** price for a moment.

h I really think we **see to need movement more a bit** there.

i What I'm **appreciate saying is including I you're** the extras.

j But the unit price is **still range somewhat of our price out**, I'm afraid.

k Well, what **did you figure have sort of in** mind?

l Well, **flexibility there there some might be**, but not much.

m Plus, we **are very you payment offering favourable** terms.

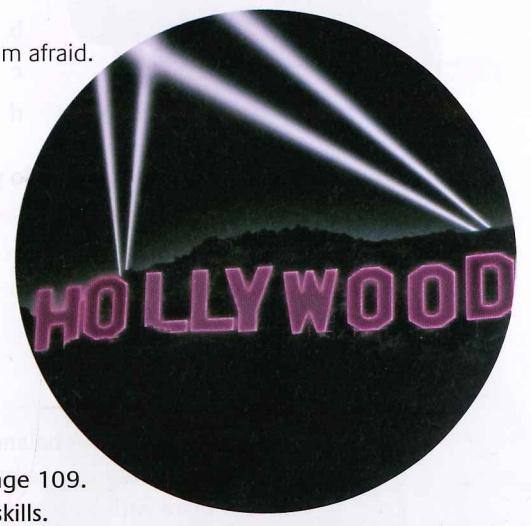
n OK, **what this is prepared we're to** do.

o OK, so **this what's is on table at the** the moment.

p Throw **air-con and you've the got in yourself** a deal.

q I'm **absolute afraid that is my really** bottom line.

r Shall **we difference the on the split** air-con?



5 You are now going to work in teams and practise negotiating Hollywood-style! Team 1 turn to page 95 and Team 2 turn to page 109. You can use the online feedback form to evaluate each other's skills.

8A Powers of persuasion

What I want to share with you are seven words that change minds. There's a lot of words we say every day that don't mean a whole lot, but there are seven words that you can use that have been shown to actually impact on other people's minds to get them to say yes when they otherwise would have said no.
Dr Kevin Hogan, internet marketing expert

1 Do you think some words really do have a special persuasive power?

2 Can you guess some of the words Kevin Hogan is going to talk about? Explain your guesses. Then turn to page 73 to check your answers.

3 2.11 Make the negotiation extracts below more persuasive by using one or more of Hogan's 'mind-changers'. Then listen and compare your answers with those on the CD. Ian is buying a security system from Sonia.

a *Ian*: We really need to finalise the terms of this deal today.

b *Sonia*: Understand that we don't normally offer free maintenance.

c *Ian*: Could you extend the credit period to ninety days? That would really help our cash flow.

d *Sonia*: You can have whichever option you prefer.

e *Ian*: OK, so you're giving us the ninety days' credit. Can we look at installation?

f *Sonia*: What you'll be getting with this system is complete peace of mind.

g *Ian*: Can I get back to you on that? I need to clear it with the boss first.

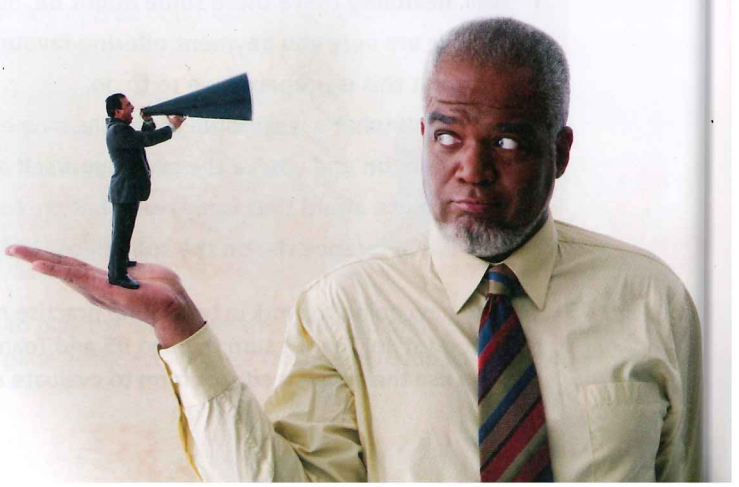
4 When it comes to persuasion, there are really just four basic approaches. Match each to what they really mean!

1 Threat	a Please do it – just think how good it will make you look!
2 Flattery	b Please do it – I'd do the same for you if you were in my position.
3 Pressure	c Please do it – I'm going to make your life so miserable if you don't!
4 Motivation	d Please do it – you're so much better at this than anyone else!

5 Which approach(es) do you think would work best on:

- the boss?
- a subordinate?
- a peer?
- a key customer?
- you?

6 What's the power-balance in the negotiations you take part in? Compare with a partner.



7 Do you agree with Harvard professor Kathleen McGinn? How can you increase your power in a negotiation?

There's a great advantage to be gotten for both sides in creating an environment in which both sides feel powerful.

Professor Kathleen McGinn, Harvard Business School

8 Remember, you can add extra force to what you say:

- by stressing auxiliary verbs
- by adding intensifying adjectives
- by adding intensifying adverbs.

Make the statements below more forceful by adding the intensifiers in brackets and adding and/or stressing the auxiliaries. You may need to make some grammatical changes. The first two have been done for you.

a I think this is going to be difficult to agree to. (extremely)

I do think this is going to be extremely difficult to agree to.

b We've made some progress this morning. (real)

We have made some real progress this morning.

c It's crucial that we reach some kind of agreement on this today. (absolutely)

d I have some concerns about meeting these deadlines. (serious)

e We can't afford to have any more delays. (simply)

f We're hoping for some movement on price. (significant)

g I'm in a position to make you a better offer. (substantially)

h We expected more flexibility on this. (really, much)

i I just wanted to give you a breakdown of the figures. (thorough, key)

9 2.12 Now listen and check your answers in **8**. Which words are emphasised? Practise delivering each statement in the same forceful, persuasive way.

10 2.13 Another way to make suggestions and concerns sound less direct but more persuasive is to phrase them as negative questions. Phrase the following in this way. The first one has been done for you as an example.Then listen and check your answers.

a We should try to agree on a basic price first.

Shouldn't we try to agree on a basic price first?

b It'd be a good idea to come back to this later.

c We could be missing a real opportunity here.

d You'd be better opting for deferred payment.

e There's an enormous amount of risk involved.

f We have to meet each other halfway on this.

g It'd be a shame if we couldn't find a compromise.

11 How many of your meetings at work are informal? Do you ever find yourself negotiating in the corridor, by the coffee machine or at the water-cooler? Turn to page 97 to practise influencing bosses and colleagues in the office. You can use the online feedback form to evaluate each other's skills.

8B Powers of persuasion

What is it that causes people to say 'Yes' to the requests of some and at the same time say 'No' to the same request made by others? Do the successful influencers have some invisible power that makes it possible for them to get what they want? And do those of us who are less successful at convincing and persuading others have to resign ourselves to the fact that it will always be the case?

Steve Martin, Managing Director, INFLUENCE AT WORK UK LTD

1 Do you think powerful persuaders are born or made? How much do you know about the psychology of influence?

2 Robert Cialdini is the author of *Influence: Science and Practice*, and the world's leading expert on persuasion. Look at his list of the six Principles of Persuasion below. How do you think they might operate? Compare ideas with a partner.

1 Reciprocity

.....

.....

2 Scarcity

.....

.....

3 Authority

.....

.....

4 Consistency

.....

.....

5 Consensus

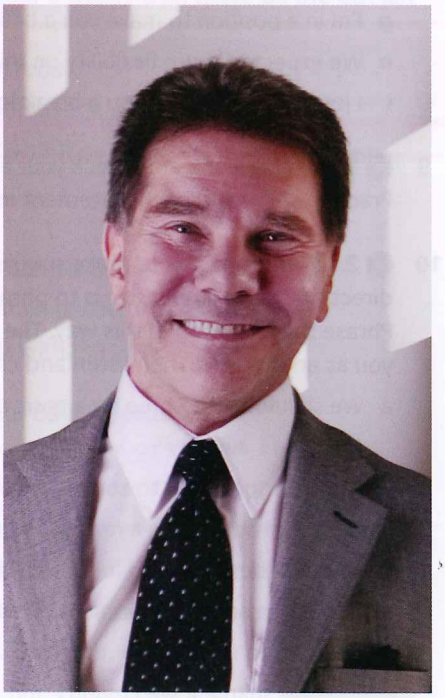
.....

.....

6 Liking

.....

.....



Professor Robert B. Cialdini, influenceatwork.com

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3 2.14 Work with a partner. Listen to a sales coach talking about Cialdini's six Principles of Persuasion. One of you should take notes on Principles 1, 3 and 5 and the other on Principles 2, 4 and 6.

4 Compare notes with your partner. Have you used any of these persuasive tactics yourself or had them used on you? Share a few examples.

5 Is there one master principle which is even more effective than the others?

6 Number the statements below according to which of Cialdini's Principles of Persuasion you think is being applied.

a OK, look, the thing is this. I'm really sorry, but I can only hold the offer open until the end of the month. ☐

b I see you've already been using our gold service for some years now. Have you considered the benefits of upgrading to platinum? ☐

c Perhaps you'd like a copy of this independent industry report in which we actually came out top in all three product categories? ☐

d Oh, by the way, here's that contact list you asked me for the other day. Hope it's some use. Now, where were we? Oh, yes. It would be really helpful if you could extend our credit period a little. Would that be possible? ☐

e OK, this is how the offer works: basically, the first three clients who sign up get the extra ten percent discount. So it's sort of first come, first served. ☐

f Actually, this particular model you're considering at the moment is a very popular choice. In fact, it's already outsold just about every other model we make. ☐

g OK, well, I'm not really supposed to do this, but how about I give you a three-month trial period – with no obligation? ☐

h Well now, when I spoke to the rest of your team, they all seemed very keen to go ahead with this. So I guess it's up to you to make the final decision. ☐

i Yes, this is our most comprehensive insurance policy. But let me be honest with you. I've been in this business over twenty-five years and, in my professional opinion, you really don't need this much cover. How about this policy instead? ☐

j How long have we been doing business together now? Six years, is it? I like to look after my best customers. So you know I'm always going to offer you my very best rates. Have another look at what's on the table and I think you'll agree these are very favourable terms. ☐

7 Go back and underline any phrases and expressions in **6** you might like to use yourself.

8 **2.15–2.24** Work in groups and turn to page 98. You are going to hear ten different negotiation scenarios. For each scenario, decide in your group what your most persuasive course of action would be.

For more information on the science of influence, visit www.influenceatwork.com or www.influenceatwork.co.uk

See also *Yes! 50 secrets from the science of persuasion* by Dr Robert Cialdini, Steve Martin and Dr Noah Goldstein.

8C Powers of persuasion

Is it unethical to lie during contract negotiations? How about deceptive negotiating tactics? Are they unethical? Business people do it all the time – they hide their true intentions or stretch the truth in order to win. For example, the seller might impose some form of deadline in order to attempt to pressure the buyer into signing an agreement. Or the buyer might deceptively communicate she will not budge on an issue, in essence lying about her true intentions. Many would question the ethics of these business practices.
Thomas Kennedy, project management specialist

1 How familiar are you with the deceptive negotiation tactics Thomas Kennedy mentions? Can you give a personal example of someone you've negotiated with who:

refused to budge? pressured you by imposing deadlines?
hid their true intentions? stretched the truth? actually lied?

2 Is there a difference between lying and the other questionable behaviours? Are such tactics really unethical or are they 'all just part of the game'?

3 Pictured below and opposite are some of the most common negotiation tactics used to manipulate, pressure and persuade. Discuss with a partner what you think they might involve.

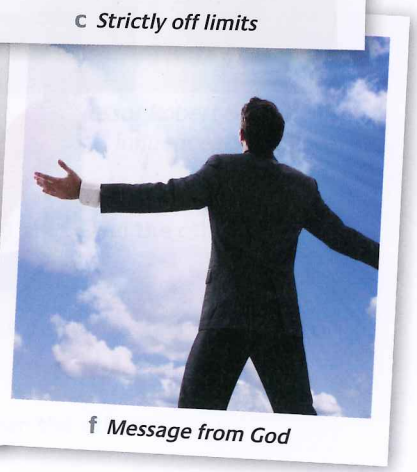
a *Good cop – bad cop*

b *Shock opener*

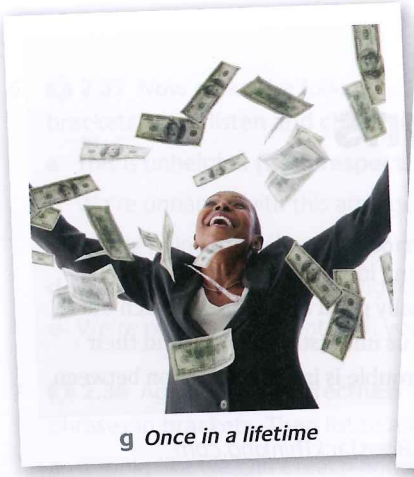
c *Strictly off limits*

d *Slice the salami*

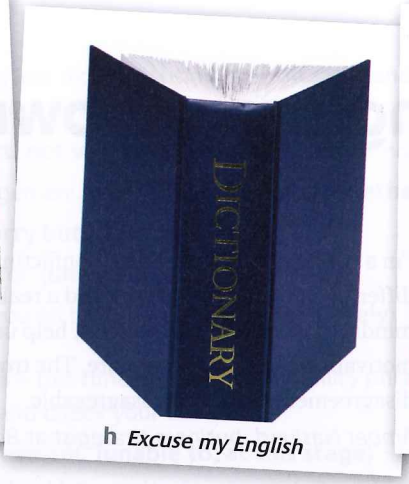
e *Last-minute demand*



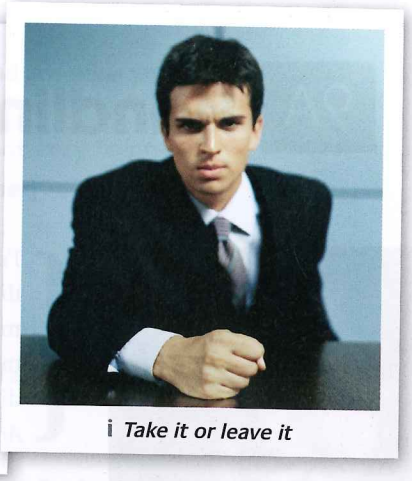
f *Message from God*



g *Once in a lifetime*



h *Excuse my English*



i *Take it or leave it*

4 **2.25–2.33** Now listen to extracts from different negotiations and check your ideas in **3**. Make brief notes on how each tactic works. How would you respond if these tactics were used on you?

5 **2.34** The negotiators below are using and responding to different pressure tactics, including some of the ones you've been looking at. Match each tactic on the left to a response on the right. Then listen and check.

1	So, basically, that's our offer – take it or leave it.	a	Yes, I have it all written down here in my notes: 'volume discount agreed'.
2	Now, I'll just have to get this OK'd by my boss.	b	If you look at what they include, I think you'll find them very reasonable.
3	Now, I certainly don't remember agreeing to that.	c	I'm sorry, I thought you were the decision-maker in this negotiation.
4	To be honest, we've had a much lower quote from your competitors.	d	I'm sorry, but if my answer must be now, then my answer must be no.
5	I must have an immediate decision – can't hold the offer, I'm afraid.	e	OK, when you make a repeat order, we'll look again at the price.
6	OK, let's see if we can agree on the specifications first, before we move on.	f	Of course not. And neither are you, I'm sure. We'll meet you halfway.
7	To be frank, your maintenance charges are simply unrealistic!	g	Well then, I'm sorry, it looks like we'll have to leave it.
8	Reduce the price and I'll give you more business in the future.	h	Certainly. What are the issues you'd like to consider, if I may ask?
9	Now, you're not going to blow this deal over three thousand euros!	i	Really? You surprise me. I'd be very interested to see a copy of that.
10	It's an interesting proposal. We'll give it some consideration and get back to you.	j	If you don't mind, I'd rather have everything on the table first.

1 ..... 2 ..... 3 ..... 4 ..... 5 ..... 6 ..... 7 ..... 8 ..... 9 ..... 10 .....

6 Now turn to page 99 to practise resisting pressure tactics.

9A Handling breakdowns

I'm a big fan of disagreement. Conflicting ideas, dissenting viewpoints, differing opinions are healthy and a really good thing. They stretch our minds, broaden our perspectives, help us understand people and their motivations just a little bit more. The trouble is in the distinction between disagreement and being disagreeable.

Amber Naslund, business strategist at BrassTackThinking.com

1 Consider what communications and business strategist Amber Naslund has to say about conflict in meetings and discuss the following points.

a How far do you agree with Naslund that disagreement can be a good thing?

b What do you think she means by 'the distinction between disagreement and being disagreeable'?

2 Look at the different examples of disagreement below and place them on the scale according to how disagreeable they sound. How did you decide?

a No. b No way! c I'm afraid we can't accept that. d That could be difficult.

e You've got to be joking! f Unfortunately, we'd be unable to accept that.

g I don't think I'd be able to get my boss to accept that at this stage, but how about this instead?

h To be honest, we were hoping for a slightly better offer.

i Do we look stupid or something?

Disagreeable ← → Diplomatic

Neutral

3 Can you change the directness of any of the expressions in **2** just by changing your intonation?

4 2.35 Listen to three negotiators from different countries sharing their views on directness and answer the questions.

a What do you think the Japanese negotiator means by the word 'face'?

b Why does the French negotiator object so much to understatement?

c In what way does the Emirates negotiator say diplomatic language is like a code?

5 2.36 Make the following less direct by using the modal verbs and qualifiers in brackets. The first one has been done for you. Then listen and check your answers.

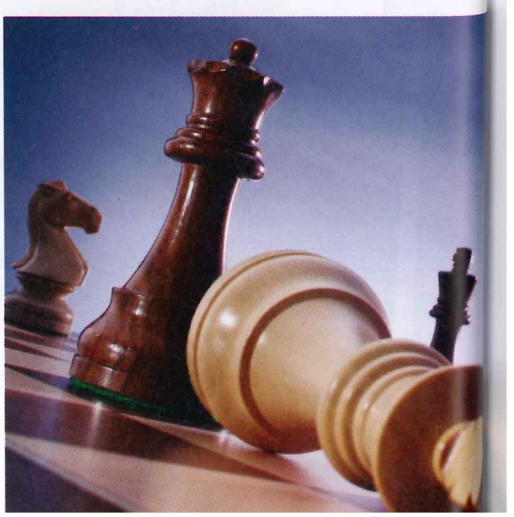
a We have a problem with that. **(might, slight)**
We might have a slight problem with that.

b There'll be a surcharge. **(could, small)**

c This is still out of our price range. **(would, a little)**

d That will be difficult to get approval for. **(may, rather)**

e This is essential for us. **(would, pretty much)**



6 2.37 Now make the following less direct by using the softeners and adverbial phrases in brackets. Then listen and check your answers.

a This is unhelpful. **(with respect, not very)** *With respect, this is not very helpful.*

b We're unhappy with this arrangement. **(to be honest, not altogether)**

c You're being inflexible. **(I'm sorry but, not sufficiently)**

d This is not what we're looking for. **(unfortunately, not exactly)**

e We're not in agreement with you on that. **(I'm afraid, not entirely)**

7 2.38 Again, reduce directness – this time by using the inability phrases and restrictive phrases in brackets. Then listen and check your answers.

a It looks like we can't reach agreement. **(unable to, at this stage)**

It looks like we're unable to reach agreement at this stage.

b Unfortunately, we cannot provide that. **(not able to, at this time)**

c I'm afraid I can't increase our offer. **(not authorised to, at present)**

d Sorry, but we can't compromise on that. **(not in a position to, at the moment)**

8 2.39 The past continuous and past perfect continuous both leave the door open to further negotiation. Make the verbs below continuous using the auxiliary verbs in brackets. Then listen and check your answers.

a We assumed this would be acceptable to you. **(were)**

We were assuming this would be acceptable to you.

b We wondered how you'd feel about sharing transport costs. **(were)**

c We thought you might be prepared to look at this again. **(were)**

d We hoped to iron out some of the details with you. **(had been)**

e We planned to finalise things this morning. **(had been)**

9 2.40 The passive voice effectively depersonalises accusations. Switch all the active verbs in bold into the passive. Then listen and check your answers.

a **You told us** you were interested. *We were told you were interested.*

b **You assured us** there'd be absolutely no delays.

c **You guaranteed us** that we'd be protected by a price cap.

d **You promised us** that **you'd give us** priority on this.

e **You led us to believe** that **you'd make us** your sole supplier.

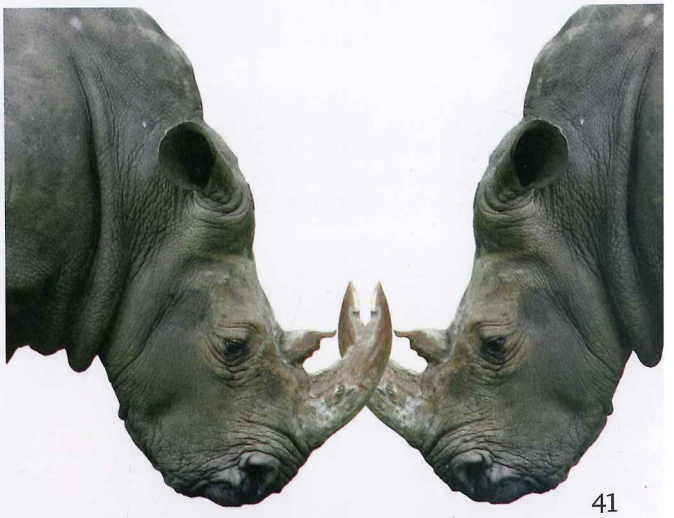
10 2.41 Now neutralise the following using the verbs in brackets. Some of the grammar may change. Then listen and check your answers.

a I'm sorry, but you don't understand. **(seem)**

b You're not satisfied with the concessions we've made so far. **(seem)**

c We're not making much progress, are we? **(appear)**

11 Turn to page 101 to practise speaking directly and diplomatically.



9B Handling breakdowns

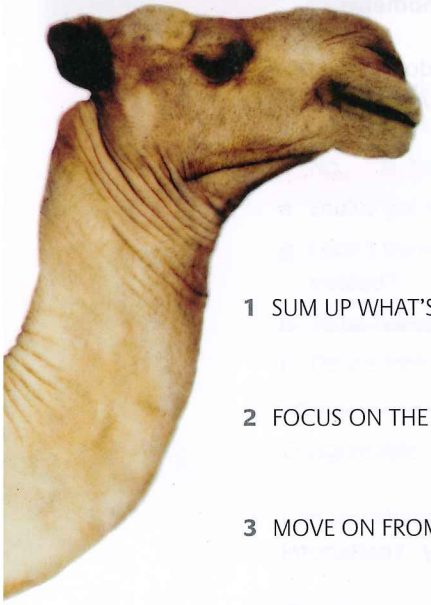
© Carl Studna

When you find yourself facing a difficult negotiation, you need to step back and see the situation objectively. Imagine you are negotiating on a stage and then imagine yourself climbing onto a balcony overlooking the stage. From the balcony you can calmly evaluate the conflict. You can think constructively for both sides and look for a mutually satisfactory way to resolve the problem.
William Ury, co-founder of the Harvard Program on Negotiation

1 How useful is it to step back or call for a time-out during a negotiation? Do you agree with William Ury that it can give you a fresh perspective on both sides of the argument? Or is there a danger of losing momentum?

2 2.42 Listen to a Jordanian negotiator telling a traditional Arab story about breaking deadlock in negotiations. What do you think the moral of the story is? Compare your thoughts with a partner.

3 When negotiations break down, you have a number of options. Match the strategies below to what you might actually say. The first one has been done for you.



1 SUM UP WHAT'S ON OFFER
2 FOCUS ON THE KEY PROBLEM
3 MOVE ON FROM THE PROBLEM
4 CHANGE PERSPECTIVE
5 INTRODUCE A NEW VARIABLE
6 OFFER REPEAT BUSINESS
7 COMPROMISE
8 DO A TRADE-OFF
9 BRING IN A MEDIATOR

a OK, maybe we're looking at this the wrong way. Let's try coming at it from a different angle.

b OK, we seem to be stuck on service charges. So let's add something extra to the mix.

c OK, the main sticking point still seems to be price. So let's see how we can get round that.

d Would you be prepared to meet us halfway? How about splitting the difference on installation costs?

e I think that's as far as we can go. Perhaps it would help if we brought in a third party to resolve this.

f Now, if we could find a way to meet those dates, do you think you might be able to pay upfront?

g So, to recap, what's on the table at the moment is this ...

h OK, let's set that to one side for the moment and come back to it later on.

i Sometime next year I'm going to be reordering and I'd like to be able to give you the business.

4 Discuss the pros and cons of the different strategies in **3**.

5 Consider the advice of the communication experts below. How do you think it applies to negotiation?

If you push your opponent into a corner, make sure there's a door in it!
Begoña Arsuaga, partner, Communicadia

Build your adversary a golden bridge to retreat across.
Sun Tzu, The Art of War

Courtesy: Indiana University Archives

Don't ever slam a door. You might want to go back!
Don Herold, humorist, writer, illustrator

6 **2.43–2.47** Listen to short extracts from different deadlocked negotiations. What is the female speaker doing right ... or wrong? Make a few notes and compare your ideas with a partner.

a Right / Wrong .....

b Right / Wrong .....

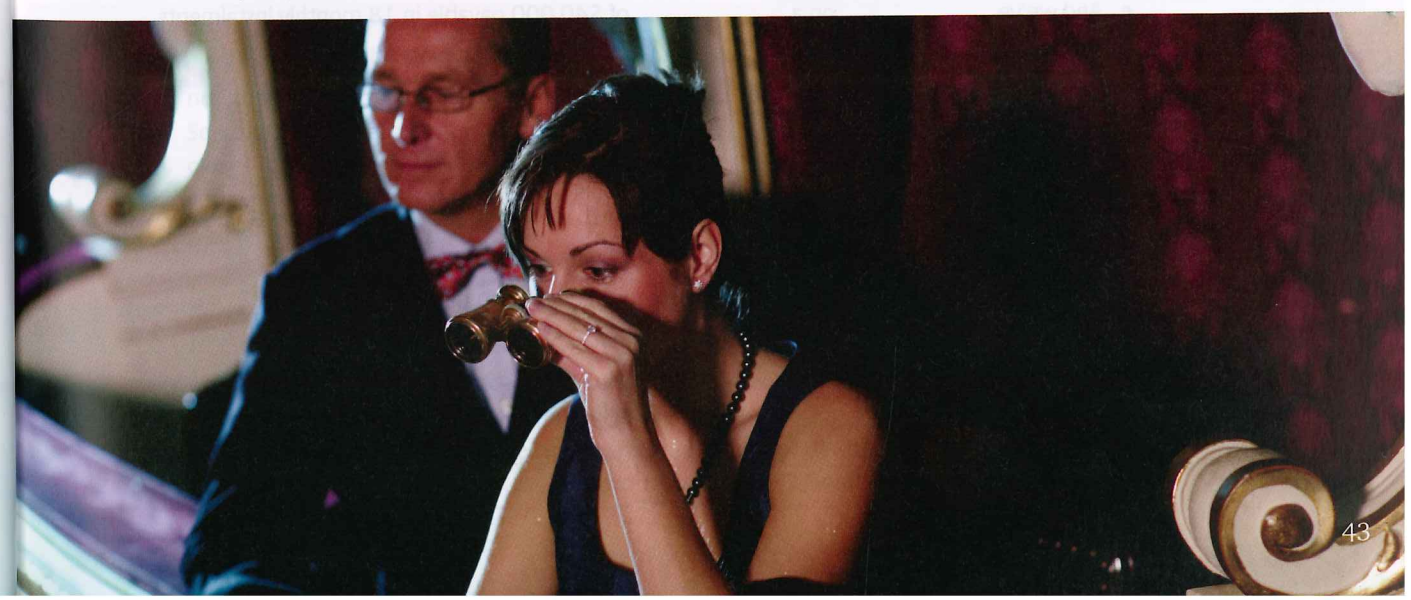
c Right / Wrong .....

d Right / Wrong .....

e Right / Wrong .....

7 Work in groups of three – two to negotiate and one to take notes on the other two. Turn to page 102 to negotiate your way out of three tricky situations using some of the techniques for breaking deadlock you've been looking at. Remember to avoid being too direct and if things get difficult, go to the balcony. The third member should use the online feedback form to evaluate your skills.

8 Compare results with other groups. Who got the best deals?



10 Closing the deal

> Knowing when to conclude a negotiation is paramount. Negotiate too long and you run the risk of losing gains you've acquired. If you don't negotiate long enough, you run the risk of not acquiring all that you could have gained.
> *Greg Williams, founder and CEO of The Master Negotiator*

1 When is a negotiation over? Compare views with a partner.

When all the main issues have been settled and there are just a few loose ends to tie up ☐

When every last detail has been hammered out and it's ready to go to your legal department ☐

Only when the ink's dried on the contract! ☐

It's never over – it's just the beginning of a long-term collaboration which may need to be renegotiated as circumstances change. ☐

2 How fast are important decisions made in your experience and how quickly are they implemented once they've been made?

3 2.48 Listen to negotiators from different countries discussing the questions in **1** and **2**. Whose views do you share? Whose views most surprise you?

4 2.49 It's important at the end of a negotiation to confirm the terms of the agreement and make sure everyone understands their obligations and whatever further action they may need to take. Complete the 'summary language' below using the pairs of words in the box. Then listen and check.

meeting + worked	details + work	point + summarise	question + clarified	
settled + price	case + end	everything + add	report + goes	arrange + meeting
put + writing	go + purchase	talked + detail	agreed + care	fix + appointment
supply + information				

a So, at this ..... , perhaps I could just ..... what we've decided.

b You'd like to ..... ahead with the ..... of our inventory-tracking system.

c And we've ..... on a ..... of $40,000 payable in 18 monthly instalments.

d As we ..... , we'll take ..... of the staff training side of things.

e You'll ..... us with more ..... about your specific training needs.

f There are a few ..... we still need to ..... out there.

g So we'll obviously need to ..... a follow-up ..... to discuss those.

h So far we haven't ..... in any ..... about the format of the training.

i And the ..... of cost remains to be ..... .

j We'll ..... an ..... with our head of IT to discuss that.

k And we'll ..... back to you on how that ..... .

l Obviously, we'll need to ..... all that in ..... for you.

m By the time of our next ..... we'll have ..... out the training programme.

n Does that cover ..... or is there anything else you'd like to .....?

o OK, well, in that ..... , I suggest we ..... it there. Here's to a successful partnership!

5 **2.50–2.51** Work with a partner. Summarise the deals below to each other using the notes to help you. Some of the language in **4** may also be useful. Then listen and compare your summaries with the versions on the CD.

DEAL 1 (The buyer summarises)

NBB Media acquisition of Chatcast Radio

1. Purchase of Chatcast Internet Radio – *AGREED*
2. Price: $8m – *AGREED*
3. Vendor to stay on as CEO (initially for 2 years, renewable) – *AGREED*
4. Vendor to receive $1m of NBB equity – *AGREED*
5. Details of remuneration package – *TO BE DECIDED*
6. Key staff changes – *NOT DISCUSSED SO FAR*
7. Follow-up meeting – *TO BE ARRANGED*
8. Final decision on programming changes – *BY NEXT MEETING*
9. A.O.B.?

DEAL 2 (The lessee summarises)

Lease of office space at Melbourne Tower

1. 7-year lease of 1,000m² of office space – *AGREED*
2. Rent: €10,000/month (3 months' deposit) – *AGREED*
3. Service charges: €300/month – *AGREED*
4. Planning permission for changes to property – *NOT DISCUSSED SO FAR*
5. Follow-up meeting – *TO BE ARRANGED*
6. Quote for building and contents insurance (lessor to provide) – *BY NEXT MEETING*
7. Liability for internal and external repairs – *TO BE DECIDED*
8. A.O.B.?

The ability to make others feel that they won is so important that I'd almost give you that as a definition of a Power Negotiator.
Roger Dawson, author of Secrets of Power Negotiating

6 **2.52** A key part of closing a negotiation is emphasising the benefits the other side is getting. This reinforces their decision and helps them to 'sell the deal' to their bosses and stakeholders. With a partner, emphasise the benefits of the deal below using the expressions in the box to help you. Then listen and compare.

OK, so with this deal what you're getting is ...
This means you'll also be taking advantage of ...
This represents a substantial saving to you.
We've made special provision for you to ...
This will enable you to ...
You're also going to be benefiting from ...
You're getting permanent access to ...
Moreover, you're getting very favourable ...
All in all, you've got yourself a great deal.

THE MYSTERY PRODUCT

30% off list price with maximum bulk order discount

Free delivery service
Fully customisable model
Choice of colours
Automatic six-monthly upgrade

Online tutorial
Extra software
90 days' interest-free credit
Extended guarantee (36 months)

7 **2.53** Whether you clinch the deal or not, always try to end on a positive note. See page 85. Take turns to read out the closes in an upbeat way. Then compare your versions with the ones on the CD.

Never be so in love with a deal that you can't walk away.
Bob MacDonald, bobmaconbusiness.com

Congratulations! You've successfully completed the course. Now comes the tricky part – bringing it all together in one full and final negotiation. On the dedicated website (http://www.cambridge.org/elt/internationalnegotiations) you'll find all the materials and resources you need. Can you reach a deal? Good luck!

Audio scripts

Track 1.02

1A Exercise 5

Trainer: Fact cultures tend to think short term and prefer to get straight down to business, so don't waste time with too much small talk at the beginning. Most negotiations run to a fairly fixed agenda, so be careful not to end up discussing issues in isolation which really need to be connected. As you'd expect, you need to be extremely well briefed with all the relevant information or you'll be thought badly prepared and risk not being taken seriously. Be aware that the main objective of the negotiation is to do business. This may seem obvious, but in some cultures the first half of an initial meeting, or even the whole initial meeting, is largely about deciding if there is any business to be done with you at all. Rest assured that fact cultures *do* want to do business with you – if the terms are right. So, focus on those terms right from the start. Decision-making may be quick, for example in the USA, or relatively slow, for example in Germany. But be prepared for regular summaries of what's on the table at each stage of the negotiation and a concrete outcome at the end.

Track 1.03

1A Exercise 5

Trainer: People cultures tend not to separate the personalities from the business, as fact cultures do, so don't rush the preliminaries. They are as interested in *you* as the deal you're proposing, so take your lead from them as to how long the social introductions and opening generalisations should go on. If you hurry them into proposing a list of items to discuss, they'll think you've already completed the negotiation in your own mind without their involvement. To people cultures, fixed agendas seem premature. How can you know all the issues that might arise in a complex negotiation in advance? These things must be allowed to emerge. During your discussion, they'll keep returning to issues you thought had been resolved or introduce totally new issues which don't immediately appear to be relevant. You may feel you're going round in circles, but take it easy, 'go with the flow'. With all these issues up in the air at once, the negotiation may get emotional, even heated. But at the end a final decision is unlikely to be reached without a further meeting.

Track 1.04

1A Exercise 5

Trainer: Trust cultures probably don't share your interest in short-term benefits. So there's little point in selling yourself hard and emphasising what a wonderful opportunity for a deal they have before them. They want you to listen to them as much as they'll listen to you. Fact cultures want to map out discussion points in advance and people cultures throw away the map as the discussion develops. But trust cultures hope that, after a lengthy exchange of fairly vague proposals and counter-proposals, a common purpose will emerge. Showing emotions or disagreement is thought to be unhelpful in a negotiation and so there's no point trying to find out the motivation behind the demands of a trust culture negotiator by asking questions. Instead, you'll have to keep making calculated guesses about what they want until you hit the target. Trust cultures won't give away much information about their needs and priorities unless these are clearly harmonious with yours. Be similarly cautious. Accept that it will take a long time to agree anything and that anything agreed will, in any case, have to be flexible. Your obligation is to your new business partner, not to the small print in the contract.

Track 1.05

1B Exercise 3

Extract 1

OK, we don't seem to be getting very far, do we? Let's see if we can come up with some alternatives. Now, it's just an idea, but how about this ...?

Extract 2

OK, so that's twenty-seven thousand six hundred and fifty euros at four percent interest, which makes a total of, let's see ... twenty-eight thousand seven hundred and fifty-six.

Extract 3

No, no, I'm sorry, but this simply doesn't meet our needs. I'm afraid we're going to have to leave it.

Extract 4

OK, look, here's the thing: if you can find a way to reduce those set-up costs, we would be very interested in signing up for the full three years.

Extract 5

Now, let's not spoil the progress we've managed to make so far. We can see you're not happy about these surcharges, but we're a bit restricted there. Basically, our position is this ...

Extract 6

I think if we can just persuade them that there aren't going to be any compatibility problems, they're ready to go ahead.

Track 1.06

2A Exercise 7

Trainer: OK, so we're thinking about the importance of relationship-building in business. Have a look at this diagram. It's taken from the book *Riding the Waves of Culture* by one of the world's leading interculturalists, Fons Trompenaars. On the left we're looking at the typical flow of conversation in China, a so-called high-context culture. And on the right North America, a low-context culture. How familiar are you with those terms? Yeah ...

Trainee 1: Erm, high-context means you're as interested in the actual people you're doing business with as you are in the business itself.

Trainer: Right.

Trainee 2: But, erm, in a low-context culture, it's pretty much straight down to business!

Trainer: Well, broadly speaking, yes. Let's take a very high-context culture, such as the Chinese. A Chinese negotiator is obviously going to be much more interested in getting to know their opponent on a personal level before talking business.

Trainee 1: Because they tend to take a more long-term view of the business relationship itself?

Trainer: That's certainly one reason. If they're going to be working with you for a long time, they want to be absolutely sure you're the right person to be working with. A more low-context, say, North American, manager generally just wants to talk business. And, yes, that's because they're thinking more short-term. It's

no coincidence that Microsoft asks you 'Where do you want to go *today*?' Because who cares about *tomorrow*? Now, here's the interesting thing. What Trompenaars is saying is that *both* the personal and business side of things are of interest to *both* cultural types. It's just a question of which comes first. The high-context culture moves from general to specific, starting off with non-business topics to get to know you and find out if you're the kind of person they can trust and then gradually zooms in on the business itself. And the low-context does the reverse, moves from specific to general, beginning with the specifics of the deal and then, if that seems to be going well, unwinds a little and wants to find out more about you. As the industrialist John D. Rockefeller put it, 'A friendship founded on business is better than a business founded on friendship.'

Track 1.07

2A Exercise 9

Stuart: OK, well, good morning, everyone. Manuel, Belen, welcome to Chicago! Delighted you could make it. Did you have a good flight over from Monterrey?

Manuel: Yes, thank y–

Stuart: Good. I trust everything's OK with your accommodations?

Belen: Very comfortable, thank you, Mr Lowenstein. And what a wonderful view from my room – I can see right across the city!

Stuart: Great, great. And, please, call me Stu.

Belen: Er, sure, er, Stu. Actually, this is our first time in Chicago.

Stuart: Is that so? Well, I hope you enjoy your stay. Now, as you know, we're on a pretty tight schedule, so I suggest we get straight down to business. We're obviously very interested in your company and your products – very interested indeed. So, erm ... Oh, I'm sorry, did everyone get a coffee? [*Mumbling*] Chad, did you order some coffees?

Chad: Er, yeah, I'll go check on that. [*Chad leaves*]

Belen: Oh, that's OK, nothing for me, thanks. We had an enormous breakfast in the hotel.

Stuart: Manuel?

Manuel: No, I'm fine. I was just saying to ...

Stuart: Oh, OK. Well, look, there's mineral water and fruit juice if you want it. Please, help yourself.

Manuel: Thanks. I, er ...

Stuart: Now, as I was saying, we've read the specifications you sent us and we're really excited about some of your products. We think there's a lot of scope for collaboration here – provided we can get the figures right, of course. So ... over to you! Let's see what you got!

Belen: Well, we had one or two questions we wanted to ask.

Stuart: Sure, sure. We'll leave some time for those. [*Chad re-enters*] ... Ah, here's Chad with the coffee. Sure you don't want one?

Belen: No, thank you.

Manuel: Er, well, OK. Thanks.

Stuart: There you go. ... Right, the show's all yours! [*To Chad*] Chad, you're going to love this. These guys have really got some great ideas ...

Track 1.08

2B Exercise 2

Conversation 1

Giorgio: Dr Fleurie. I'd like you to meet my colleague, Dr Franco Martinelli. He's the head of our research unit. Franco, this is Dr Élise Fleurie. She'll be leading the negotiations for Groupe Laconte.

Franco: Pleased to meet you, Dr Fleurie. Welcome to Milan.

Élise: Delighted to meet you at last, Dr Martinelli. I've heard a lot about you.

Giorgio: I was just telling Dr Fleurie that you did your PhD in Paris, Franco – back in the 1980s, of course. He's much older than he looks.

Franco: Thank you, Giorgio! Yes, I studied biochemistry at Paris V.

Élise: Oh, that's a coincidence. I studied at Paris V myself – the medical school.

Franco: Oh, really? That *is* a coincidence. Then, you must have worked with Professor Nerval.

Élise: Yes. In fact, he was my thesis supervisor.

Franco: Ah, well, well, small world! Henri and I worked together on the phase one trials for Granisitron.

Élise: Did you really? Well, he was certainly a marvellous teacher.

Franco: Oh, yes. The best.

Élise: So, you obviously speak French, Dr Martinelli.

Franco: Well, I did, I did, but I'm losing it, I'm afraid.

Élise: Oh.

Franco: I seem to speak more English these days.

Élise: Oh, what a shame! This we cannot have! We must try to speak some French when nobody is listening!

Franco: Yes, let's do that ...

Giorgio: [*coughs to interrupt*] I believe Groupe Laconte is opening a new manufacturing plant in Poland. Is that right, Dr Fleurie?

Élise: Yes, that's right – in Katowice. It's going to be our largest factory in Europe, in fact.

Franco: Ah, yes, I know Katowice. But didn't I read somewhere that you're decentralising altogether?

Élise: Well, that's ... that's still at the planning stage ...

Franco: Oh, I see.

Giorgio: Ah, here are the others. Dr Fleurie, let me introduce you to the rest of the team ...

Track 1.09

2B Exercise 2

Conversation 2

Pinheiro: Is this your first time in Brazil, Mr Ishikawa?

Ishikawa: Er, not quite. Actually, I was in Brasilia a few years ago, for the electrical engineering conference in 2007.

Pinheiro: Oh, really? Yes, I was at that conference. Did you get to see much of the city while you were there?

Ishikawa: Unfortunately, not. Too busy to do any sightseeing, I'm afraid.

Pinheiro: Oh, that's a pity. Well, we must make sure you see something of Rio while you are here.

Ishikawa: Thank you. I'd enjoy that.

Pinheiro: Splendid. Well, in that case, I'll see what we can arrange. Tell me, are you interested in football at all, Mr Ishikawa?

Ishikawa: Actually, yes. You know, football is becoming quite popular in Japan.

Pinheiro: Excellent! Well, then, we must see if we can get tickets for the match on Saturday. We're playing São Paulo.

Ishikawa: Ah, yes! That would be great!

Pinheiro: Now, let me refresh your glass. Are you drinking red or white wine?

Ishikawa: Ah, well, actually just mineral water. I'm not really a wine drinker.

Pinheiro: Ah ... Well, to be honest with you, neither am I. Brazil's not really a wine country. Have you tried caipirinha, Mr Ishikawa?

Ishikawa: Er, no. I don't think so ... Cai ...?

Pinheiro: Caipirinha. It's a traditional Brazilian drink.

Ishikawa: Ah, yes?

Pinheiro: Yes, it's a spirit made from sugar cane mixed with limes, sugar and lots of ice.

Ishikawa: Ah, that's interesting. Sounds delicious.

Pinheiro: I'll get the barman to make you one and see if you like it.

Ishikawa: Thank you ...

Pinheiro: Sofia ... [*Speaks in Portuguese*]

Ishikawa: So, are you *from* Rio, Mr Pinheiro?

Pinheiro: No, no. I've lived here for years. But, in fact, I was *born* in a small village also called Rio, Rio Pedra.

Ishikawa: Rio Pedra?

Pinheiro: Yes, I suppose in English you'd translate that as 'Stone River'.

Ishikawa: Ah, really? Is that so? Stone river? Hah, same as my name!

Pinheiro: Oh, yes?

Ishikawa: Ishikawa means 'stone river' in Japanese.

Pinheiro: Oh, really? Well, that *is* a coincidence. ... Ah, and here's your caipirinha. ... Well, cheers, Mr Ishikawa. Here's to Stone River!

Ishikawa: Yes. Cheers!

Track 1.10
3 Exercise 2

1

As far as I'm concerned, the real value of a good detailed agenda is that it prevents people digressing too much, getting side-tracked – that's always a problem. One of the big dangers when negotiating with less experienced negotiators, especially those who have maybe invested a lot of themselves in the product or service they offer, is that it can all so easily turn into a debate. Lots of self-justifications. And all completely irrelevant to the negotiation. So have a pretty thorough agenda and do your best to stick to it, that's what I say.

2

I think in Japan we like to keep things flexible. The problem with an agenda is that it restricts what can be discussed. And if we knew what all the issues were, perhaps we wouldn't need a meeting. For us, if, in principle, we want to do business with you and trust you, then we would hope to be able to reach that conclusion in our own way. The first thing we will want to hear is what your position is. Then we will go away and consider our response. And this process will be repeated until our positions converge ... or not, of course.

Track 1.11
3 Exercise 4

Fairmont: OK, then, let's get started. Welcome once again to Toronto, ladies and gentlemen. We look forward to what we hope will be a very productive meeting. Now, we have a lot to get through, so may I begin by suggesting a procedure for this morning's session?

Schelling: Yes, by all means, Mr Fairmont.

Fairmont: As you know, our main objective today is to negotiate the terms of a licensing agreement between Edelman and GreenWay for the manufacture, marketing and distribution of plant growth enhancer Nutrizyme, patent reference NZ009S – Edelman to act as licensor and GreenWay as licensee. In particular, what we'd like to establish is a strong basis for moving our collaboration forward. How does that fit in with your own plans, Dr Schelling?

Schelling: Yes, that's fine with us.

Fairmont: Good ...

Schelling: But, erm, perhaps we could also look more closely at the question of exclusivity – more specifically, whether GreenWay is to be sole licensee globally or only in the Americas.

Fairmont: Certainly. I'll add that to the agenda ... Well, we seem to be in agreement on our objectives. So, I think we should now decide the order in which we'd like to discuss the main issues. Perhaps we could start off by outlining our respective positions – what we hope to gain from this initiative, what our longer-term goals are and why we think the fit between our two companies is the right one.

Schelling: Certainly.

Fairmont: If that's OK with you, we could then move on to the details of the agreement itself – the scope of the licence, the territories in which it is to apply and, of course, the term of the licence, given that the patent has another seven years to run.

Schelling: Yes, fine. Could I also suggest we allocate some time to the matter of remuneration method? Is it to be a lump sum or a staged payment according to fixed milestones?

Fairmont: Yes, good point. I'll also add that to our agenda ... So, ladies and gentlemen, let's begin ...

Track 1.12
4A Exercise 3

Extract 1

OK, before we begin, let me just say that with this particular deal, it's imperative we reach a final decision today. If we can't reach a firm agreement by the end of this session, we may have to talk to other suppliers. But, obviously, this is something we would prefer not to do. We would, of course, on an order of this size, expect a substantial discount. We would also insist on free service and maintenance. I don't want to be hit with service charges six months from now, so I'm afraid that's not negotiable. So, shall we proceed?

Extract 2

Now, so as not to waste time, we've prepared some figures we'd like you to have a look at. As you'll see, what we're proposing is an initial setting-up fee of twelve thousand dollars, payable in advance, and then three payments of twenty-five thousand dollars payable on completion of the three stages of the project – that's roughly every four months – with a fifteen percent penalty for late completion. How does that look?

Extract 3

OK, now you've seen our standard price list, but let me say straight away that we can be very flexible there. OK? There's plenty of room for manoeuvre. In order to secure your business, we're also prepared to offer interest-free credit on this first consignment. Normally, we would then charge the usual six percent, but, again, this is very much negotiable. Perhaps we could also rethink delivery charges if that was something you weren't happy with.

Extract 4

Let me be totally upfront with you. Our key interest in this negotiation is this: to find a local distributor we can trust, one we can work with on a long-term basis. The financial side of things is much less important to us – we're prepared to offer very favourable terms to the right company. I won't say money's no object, but you get the picture. Now, ideally, we'd like someone with first-hand experience of our products, but that's not such a high priority for us. We can offer training there. Much more important for us is that they have excellent contacts in this market and a well-established customer base.

Track 1.13
4A Exercise 6

Speaker: Well, the first thing to say is: don't over-react. People read a book on the secrets of body language and suddenly start seeing all kinds of hidden messages in the most innocent gestures. The guy scratching his nose as he promises you seven-day delivery is obviously lying; the woman crossing her legs as you describe your product is clearly unimpressed, etcetera, etcetera. Well, hang on a minute. Chances are the guy's got an itchy nose and the woman's just getting comfortable. No need to get paranoid!

However, if someone is frowning, crossing their arms and legs and sighing as you speak, then it doesn't take a genius to work out they're probably not too happy with what you're telling them! So what you should be looking for is what non-verbal communication experts call 'clusters' – groups of gestures, postures and expressions which tell you about how people are feeling. For instance, if someone is not giving you good eye contact, moving about in their seat a bit, nodding and touching their face as they assure you their product is one hundred percent reliable, then you may have cause to be suspicious.

The great thing about body language, though, is that once you know how to read it, you can use that knowledge to change people's mood and build rapport. If someone has their arms and legs crossed and very 'closed' – negative body language – you can 'open them up' by handing them a brochure, a set of figures or asking them to quickly fill something in. This will subconsciously help to break down the barrier between you and them. You can also try matching their body language to create rapport. Don't copy them, of course – nobody likes to be mimicked. But try adopting a similar posture and gestures – a bit like a dance partner. We call this 'cross-mirroring' and you'd be surprised how effective it is!

Track 1.14
4B Exercise 2

Randall: OK, basically, what we're proposing is a joint venture to develop and manufacture a new twin-engine executive jet primarily for the Middle Eastern market. We feel the best way to do this would be to form an independent company in which Goldstream USA would take a sixty percent stake. And we'd like to work with a partner who is prepared to make a five-year commitment to the venture. R&D would be carried out at our research centre in Seattle. R&D expenditure, plant and working capital costs plus the marketing and launch budget would be shared fifty–fifty by the two partner companies. As you know, we do not currently have a manufacturing plant in Europe, but we understand you are seeking capital for the expansion of your production facilities in Poland, so we're particularly interested in exploring the possibilities for collaboration there. What we envisage is sharing production of the fuselage, wings and tail section of the new aircraft in Poland, whilst continuing to use our current supplier of aero engines in the USA. We can discuss the finer details at a later date. The important thing at this stage is for us to draw up a provisional memorandum of understanding.

Track 1.15
4B Exercise 4

Lamarre: Thank you, Mr Randall. A very interesting proposal. So, as I understand it, research and development would remain in the USA?

Randall: Yes, that's correct. Given our expertise in the private aircraft sector, we think that makes sense.

Lamarre: Oh, I see. And what you're looking for is a partner who will accept a forty percent stake in this venture, whilst at the same time covering fifty percent of the costs?

Randall: Well, that's our current position, yes. We would, of course, be financing your plant expansion in Poland and providing the designs.

Lamarre: Mm. So, let me just get this straight. Did you say Goldstream would be willing to cover one hundred percent of our plant expansion and retooling costs?

Randall: Broadly speaking, yes. We would obviously have to agree a budget for that.

Lamarre: So, if I understand you correctly, you would then take part-ownership of the Polish plant, is that right?

Randall: No, sorry, perhaps I didn't make myself clear. When I said we wanted to collaborate on a plant upgrade, what I meant was Goldstream would cover that cost, but you would retain full control of the plant with the joint venture licensed to use its facilities. Our reason for requiring a majority stake in the venture is partly to offset our investment.

Lamarre: Interesting. OK, so what we're looking at is a five-year joint venture, sixty percent owned by you, forty percent by us, to produce a twin-engine jet for sale in the Middle East. This new aircraft would be developed by you, financed by the venture and manufactured at our plant in Poland, the expansion of which you would fund. We would retain ownership of the plant and you would continue to order the engines from your current American supplier. Is this an accurate summary of where you stand?

Randall: Yes, it is.

Lamarre: OK, thank you, Mr Randall. Perhaps we could take a short break at this point to consider your proposal ...

Track 1.16
4B Exercise 5

Lamarre: OK, shall we begin? Well, let me say, first of all, that our initial reaction to your proposal is broadly positive and we welcome the opportunity to discuss with you further ways in which we can collaborate. We see all kinds of synergies in this joint venture – access to new markets, research and capital. And, of course, considerable economies of scale. Now, in terms of ownership of the new business, we had a slightly different arrangement in mind. We would prefer to operate on the basis of an equal partnership. So, what we'd like to suggest is a fifty–fifty split there. We'd also like to see a bit more flexibility on the question of R&D. According to the terms of your current proposal, we would have no direct involvement in that. As to the question of engine manufacture, let me just say that we would need to be satisfied that your current supplier can deliver the quality we would expect at a competitive price.

Track 1.17
5A Exercise 5

Extract 1

A: OK, first question. The main issue for us is: can you complete this project by the end of Q3 or not?

B: Well, the end of September? That's going to be very tight.

A: So the answer's no?

B: Well, on this budget I'm afraid so. You see ...

A: Hang on, what do you mean 'on this budget'?

B: Well, as I ...

A: I thought we'd agreed the budget. I've got the figures we agreed right here. Twenty-four million dollars. Are you now saying that you can't work within this budget?

B: No, but with a six-month lead-time ... Look, all I'm saying is ...

A: Because that's what you seem to be saying. So how long *is* this project going to take, Mrs Lee? And how much are we going to run over budget?

B: Well, as I've said all along, we need twelve months to complete ...

A: Twelve months! You know that's completely unrealistic.

Extract 2

A: OK, well, the time-frame for this project is an important issue for us. So what sort of completion date are we looking at?

B: I'd say somewhere between ten and twelve months for the entire project. But it depends. What sort of investment have you budgeted for?

A: Somewhere in the region of twenty-four million dollars.

B: Twenty-four million dollars?

A: Or thereabouts.

B: Then it's probably going to be nearer to twelve months to complete.

A: On budget?

B: On that budget, yes.

A: Hm. We'd been hoping to complete a little sooner than that. How realistic would it be to aim for the end of Q3?

B: The end of September? ... Well, we can aim, Ms Haddon. But I certainly couldn't commit to that kind of schedule. It's just too tight.

A: I see. Is it just a question of the budget?

B: Well, not just ... I mean ... But, yeah, I suppose that *is* the main problem.

A: So, if we could be a little more flexible on that, you could bring the completion date forward?

B: Erm, well, again it depends on how much you're prepared to increase the budget.

A: Of course, but in theory?

B: In theory, yes.

A: OK, good.

Extract 3

A: OK, so I suppose the first question is: how soon can you complete the project?

B: Well, what sort of completion date were you hoping for?

A: Ideally, the end of Q3. Is that a realistic time-frame for you?

B: Well, how much of a priority is it for *you*, Ms Haddon?

A: A major priority, to be frank. If the new plant doesn't come on stream in Q4, it's going to play hell with our production schedules. So ... can you do it?

B: Well, may I just confirm what the budgetary constraints are for the project?

A: Er, yes, of course. As I indicated in my email, we've currently set aside twenty-four million dollars for this. How close is that to your own estimate of the costs?

B: Twenty-four million, yes. But, er, presumably, that figure is negotiable?

A: Well, that's what we're here to find out, Mrs Lee. Did you have a somewhat higher figure in mind?

B: Well, it seems that completion of the project is a fairly urgent matter for you, is that right?

A: Yes, it is.

B: So, given the choice, would you rather pay slightly more for faster completion or stay within the budget you've mentioned and risk delaying completion?

A: Well, if you put it like that, I'd obviously prefer the former. But let me make it clear I don't have much room for manoeuvre on the budget.

B: OK, I understand. Let's look at that then, shall we?

Track 1.18

5B Exercise 2

a So you'd be happy with deferred payment?
Well, could you explain what you mean by deferred payment?

b So, for the upgrade that would be €9,000 over six months at 6.75% interest, OK?
Sorry, can we go over the figures for the upgrade again?

c Now, I don't think we need to discuss the matter of penalty clauses, do we?
Well, when you say penalty clauses, what exactly do you mean?

d I take it, then, that you'd have no objection to covering costs?
Sorry, exactly which costs are you referring to?

e So can we now settle the question of the payment plan?
Well, could you just say a bit more about what the payment plan involves?

f So if the product specs meet your needs, let's move on to freight charges.
Sorry, but could you just run through the product specs again?

g OK, so we've looked at a breakdown of the costs. Is everything clear so far?
Well, hang on a minute. Could we just go back through the breakdown of the costs in a bit more detail?

Track 1.19

5B Exercise 3

1 Would there be an extra charge for that?
2 Do you mean there'd be a FURTHER DELAY?
3 So WE'd be responsible for that, would we?
4 So maintenance isn't included?
5 And that's your BEST offer, is it?
6 Are these your STANDARD charges?

Track 1.20

5B Exercise 5

The audio script is in the module: 5B Questioning techniques.

Track 1.21

5B Exercise 6

a Completion might take six months.
Six months?

b A price increase might be necessary.
A price increase?

c We had a bigger discount in mind.
A bigger discount?

d The patents would run out after a year.
After a year?

e We'd need to pass on the extra costs.
Pass on the extra costs?

f Insurance wouldn't be included.
Wouldn't be included?

Track 1.22

5B Exercise 7

Speaker: In Japan we have a saying: 'The mouth is the root of all trouble.' So if you don't speak, you can't get into any trouble! And it is normal for us to pause and think after an important proposal has been made in a negotiation. To answer too quickly would show disrespect and lack of judgement. But in the West and Middle East, usually silence is taken as a bad sign and, of course, we know this ... So, we ... actually, we use it to put pressure on our opponent. Silence is a

hard argument to counter. Normally, Westerners will fill silence with talk. So they give away their strategy or make a small concession to start the conversation again. So silence – it's very powerful. Talk less, learn more.

Track 1.23
6A Exercise 8

Speaker: OK, let's look in more detail at Fisher and Ury's negotiation model. As you saw in that very simple example from *Getting to Yes*, the two men in the library have what look like totally opposing *positions*, shown here in the white boxes in the diagram. One wants the window open. The other wants it closed. There seems to be no way they can both get what they want. Until, that is, you look *behind* their positions to find out what their underlying *interests* are. Here they are in the grey boxes: one wants fresh air and the other doesn't want a draught. Now those two interests are difficult to reconcile, but not impossible. And, in fact, the librarian figures out a way to satisfy the interests of both guys and stop the argument. She comes up with a creative *solution*: open a window in an adjoining room. And she does this not by finding some middle ground between their positions, but by *integrating* their *interests*. As you can see, this is what Fisher and Ury call *interest-based*, as opposed to *positional*, negotiation.

Track 1.24
6A Exercise 10

Speaker: Now, some of you may be thinking: but surely this is just a *compromise*. But that is exactly what it is *not*. A compromise would be the window half open. And neither party would be fully satisfied with that. Because that's the thing about compromises: they please *nobody*! A solution has to satisfy *both* parties' interests in a way that just aiming for halfway between their positions could not. This is part of what Fisher and Ury call *principled negotiation*. In *hard negotiation*, the two parties see themselves as adversaries, enemies, and their goal is victory at all costs. In *soft negotiation*, participants behave like partners or friends and their goal is agreement at all costs. In principled negotiation, the two negotiating teams are neither friends nor enemies but problem-solvers. Their goal is to reach the best outcome for both sides, provided such an outcome is possible. So there you have the three basic styles: hard or the 'go-ahead-punk-make-my-day' school of negotiation; soft or what you might call the 'whatever-you-say-darling' school of negotiation; and principled, which I like to call the 'we-can-work-it-out' approach ...

Track 1.25
6B Exercise 2

a *American:* Well, I've worked in sales in the US all my life. In the old days it was all 'hard sell'. We would just keep telling the customer all the great things about our product or service and try to convince them to buy. And, surprisingly, it worked. Maybe people were just more prepared to buy in those days. I don't know. Nowadays, of course, it's all 'soft sell', which really means you don't try to *push* your product onto the customer. You *pull* them gently towards it by asking them lots of questions. If you say to me: 'It's too expensive,' I say: 'OK, well, if there was a way to make it less expensive, then you'd be more interested, right?' And then you say: 'Well, it's not just price.' And I say: 'All right, so what else concerns you? Let's see if I can help.' As long as you're asking questions, you're keeping the dialogue going. So never give up!

b *Chinese:* Asking a lot of questions may work in the West. In China we don't ask so many. Questions are dangerous. If you ask me a question, maybe I have to say 'No'. But then this will badly affect our relationship. So we don't want to say 'No'. In China we negotiate differently. In China I tell you what I want. And you tell me what you want. And then we see they are not the same and I try to work out what is most important for you, to 'read between the lines', yes? And I change my offer and you see what I'm prepared to change and think, OK, maybe he didn't like this part of my offer, so now I make this counter-offer. So, actually, we speak very directly, but then we find out what you *really* want by a slow indirect process. And nobody has to say 'No'!

c *German:* Erm, in Germany I think it's really the opposite of in China. Our communication style is very open and direct. A fact is a fact and, however you phrase it, it will be the same. And obviously we must have all the facts or how can we be expected to make a sound decision? So, the first half of a negotiation in Germany will consist of almost nothing but questions. Of course, you will have provided me with all the details and figures before our meeting, but I will want to ask you about those again to make sure nothing has changed since then. As for making offers and counter-offers, it's much too soon for that! We want to have all the facts on the table long before we start the bargaining phase. And if I'm not sure why you want something, I will just ask you: 'I don't quite understand. Why do you need this?'

Track 1.26
6B Exercise 4

a

A: Look, I've done my calculations on this and €230 per unit is as high as I can go.

B: OK. Do you mind if I ask why that figure is not negotiable?

A: Well, I have to stay within my annual budget and if I go over 230, I'm just not going to be able to do that.

B: Oh, I see. Well, supposing I offered you deferred payment until the next financial year?

A: I suppose that might be an option.

b

A: Well, no, the thing is, you see, we never give our suppliers exclusivity.

B: You *never* give exclusivity? Right. What's the thinking behind that?

A: Well, obviously, it restricts our options. A sole supplier doesn't have to compete to keep our business.

B: Fair enough. OK, here's an idea. We review the exclusivity? say, every six months?

A: Hmm, how about every four?

c

A: Ordering 20,000 units is completely out of the question. We just don't hold that much stock.

B: You're saying you don't have the capacity to carry that amount of inventory?

A: No, no, we have the storage space all right. I just don't like tying up that amount of capital.

B: So, a possible solution might be to simply stagger the payments over a longer period of time.

A: Well, it would have to be interest-free.

d

A: Frankly, I'm not happy about paying 30% extra for custom-printed packaging.

B: I see. Well, how much of a priority is it that the boxes are in your company colours?

A: It's a question of brand identity. The colours are not so important, but our logo has to go on everything.

B: Well, how about just using logo stickers? That would work out a lot cheaper.

A: Yes, I guess that could work.

e

A: I'm afraid this is well out of our price range. We had a rather lower figure in mind.

B: OK, let me just check I've understood you correctly. You're saying the system is simply too expensive?

A: Well, I'm sure it's an excellent product. It's just that we really don't need anything quite this sophisticated.

B: Ah, in that case, we may have an alternative. We do still stock the *old* system.

A: Oh, really? And how much is that?

f

A: I think that's as far as we can go, unless you're prepared to reconsider discounts.

B: OK, so, can you give me an idea of what sort of discount you were looking for?

A: Well, our current supplier is giving us 17% as well, but they pay for half the transport costs.

B: OK, just for the sake of argument, let's say we covered *all* the freight charges.

A: Well, yes, that would change things.

Track 1.27
6B Exercise 7

Speaker: I think the strangest negotiation I ever saw was when I was working in Scotland. It's a few years back now. I was managing this project for a North Sea oil company and renting a cottage in a tiny little place, miles from anywhere. So, anyway, I go into the local shop to pick up a newspaper and there's this elderly lady standing at the counter. And she's buying twelve chocolate bars. Yeah, twelve! 'That'll be seven pounds, please,' says the shop assistant. 'I'll give you five,' says the woman. The shop assistant smiles at the joke and holds his hand out for the seven pounds. The woman promptly gives him five. 'No, that's *seven* pounds,' he goes, thinking maybe she's a bit deaf. 'No,' says the woman. 'I'm buying twelve. So I expect a discount.' 'Look,' says the assistant, 'I'm sorry, but the price is the price.' 'Five fifty,' says the woman. 'And that's my final offer!' By now quite a queue has formed. It all gets a bit nasty and finally the woman shouts: 'I demand to see the manager!'

[*Pause*]

... Well, of course, there isn't a manager. But the old guy who helps stack the shelves, must be at least 80 years old, comes in, sees the commotion and says very politely, 'Can I help you at all, madam?' The woman angrily explains the situation. 'Oh, I see,' says the old guy. Now, here's the clever thing. Instead of repeating the whole story about fixed prices etcetera, he just says, 'Excuse me for asking, but why do you need so many chocolate bars?' And the woman goes, 'Well, you don't think *I'm* going to eat them all, do you? They're for my dogs. They love them. But I'm not paying seven pounds for dog treats.' At this point, we hear a growling noise outside and there they are – four huge, vicious-looking Rottweiler dogs with their faces pressed up against the shop window. 'Ah, I see,' says the old guy. 'Well, in that case, how about this? I can't sell you *these* chocolate bars, I'm afraid. But I have a box of damaged ones in the store room I can let you have for 15p each. Your dogs won't mind, will they?' Result? One happy customer, four happy Rottweilers and a box of unsaleable goods successfully got rid of. The old guy was a negotiating genius – because he knew the power of questions.

Track 2.02
7A Exercise 2

Extract 1

Thai: Erm, well, Thais are rather independent, actually. You think the USA is the land of the free? Well, 'Thai' means 'free'. So 'Thailand' is literally 'the land of the free'! We are quite practical and determined in business, but, yes, we prefer a style of negotiation where both sides get most of what they want. We have a story in Thailand. A fisherman catches a huge fish. How can he make it last all year to feed his family? People say: 'Why not dry it, put salt on it, or maybe just sell it to buy other things?' None of these is the answer. The answer is – share it with the other fishermen! Then one day they will share their big fish with you. Buddhism tells us that the battles you win today you will lose tomorrow or in a future life. You must *pay* for your victories over others. So why not *share* your victories with them instead?

Extract 2

Russian: I think we have a reputation for being fairly tough negotiators in Russia. Certainly, we don't like to be pushed around. For us, compromise is usually seen as a sign of weakness. In the past, Russian managers had no real authority to be flexible in negotiations. This has changed, but still we like to stand firm if we can. We don't really believe both sides can win. Someone must always be the loser. I like this folk story about negotiation. One winter a man and a big Russian bear have a disagreement. The man is very cold and the bear is very hungry. So they go into a cave and fight it out. Bang, crash, bang, crash! They fight like this for hours. Then, suddenly, the cave is silent. They have reached a win–win solution. The bear is no longer hungry. And the man is no longer cold – because he's wearing a beautiful bear-skin coat.

Track 2.03
7A Exercise 8

Extract 1

A: Now, this would be the second time you've placed an order with us. Obviously, we value your business and hope to do business with you again. So we'd be prepared to reduce the price a little.

B: Great. What sort of reduction are we talking about?

A: Well, now, let's see ...

Extract 2

A: Our standard arrangement is twenty-eight days.

B: Twenty-eight days. I see. And what if the delivery is late for some reason?

A: Well, we do have a record of ninety-eight percent reliability on deliveries. But it's written into our contract that we pay you compensation for any unavoidable delays, so you're protected there.

Extract 3

A: To be honest with you, this is slightly more than we were planning to pay.

B: Well, remember, with this arrangement, you don't have to pay for forty-eight days.

A: Right. And is there a charge for that facility?

B: No, no charge at all.

Extract 4

A: Now, who would be paying for the air-freight and shipping charges?

B: Er, we would, of course. Since this is such a large order, we'd be happy to cover those costs for you.

A: OK, fine.

Extract 5

A: You see, the thing is, it's very important for us to have our company logo on all the boxes.

B: I see. Well, that's not a problem, but the printing of the boxes is done in China, so you would expose yourself a bit to changes in the value of the yuan.

Extract 6

A: OK, now, what if something goes wrong with the product within, say, the first year?

B: Well, of course, that shouldn't happen. But, if it did, we would obviously carry out all the necessary repairs.

A: Without charge?

B: Without charge.

Extract 7

A: Let's look at how you want to do this. You could pay a fifteen percent deposit now and then the balance in three months' time or, if you preferred, you could pay the total sum off in monthly instalments, say over an eighteen-month period.

B: Uh-huh.

A: But if you choose the first method, then you'll have full customer support after you take delivery.

Extract 8

A: As you know, we can offer you very favourable terms if you agree to make us your sole supplier.

B: Yes. The problem there, though, is that we're locked into a contract with you for two years. And if we need repairs or have to replace machine components, we have to get those through you.

A: That's right.

B: But we may be able to get them cheaper elsewhere.

A: Well, you have to remember that our components are of superior quality to those of our competitors and they are specifically designed for our machines.

B: Hmm.

Track 2.04

7B Exercise 2

Professor Gavin Kennedy: What is the *worst* thing you can do to a negotiator? At the negotiating clinics we invariably get answers like: 'Insult him', 'Get her annoyed', 'Go over her head to the boss', 'Make him look stupid'. All of these behaviours are to be avoided perhaps. However, none of these responses is the *worst* thing you can do to a negotiator. The worst thing you can do is: ACCEPT HIS FIRST OFFER!

Track 2.05

7B Exercise 4

Swiss-German: A lot of Swiss salesmen and women will try to tell you there's no room for bargaining and that they expect you to pay the list price for everything you order. But they can be pushed. You may be able to get some kind of extra for free if you insist. Also, in Switzerland we have something called the *Neukundenrabatt*, which is basically a special discount for new customers and can be as much as twenty percent. So take advantage of being a new prospect. That's my advice. Once you've signed the contract, it will be much harder to get any concessions.

American: People think American business is all about the money. Not so. US negotiators will talk for hours about how great their product or service is without so much as mentioning price. Americans are passionate about what they sell. And they'll try to make you feel the same way before talking figures. Then, when they think they've sold you the idea, they'll hit you with the price. So watch out! They'll often say they can't grant reductions without checking with their boss first. But don't fall for that! Always be prepared to walk out if necessary.

Indian: In India, price is one of the first things that will be mentioned in a negotiation. But don't be fooled! The price we quote is usually a very long way from what we expect to get. Indians just adore haggling. So you must be brave with your counter-offers. In many situations, it's not unrealistic to offer a third of what your Indian counterpart is asking and then negotiate from there. Of course, we will throw up our hands in horror at this. But take it easy. It's all part of the game. There will be a lot of bargaining back and forth before a sensible price is settled on.

Track 2.06

7B Exercise 5

Stallholder: Hello there ... Lovely bracelet, isn't it?

Tourist: Oh, yes. It's very nice. But ...

Stallholder: Solid silver as well. Most of them are just plated. Feel the weight of it. It's quite old too. Victorian. Is it a present for someone?

Tourist: Er, yes. For my girlfriend.

Stallholder: Likes silver, does she?

Tourist: Yes, all her jewellery is silver. But I think it's a bit too expensive for me.

Stallholder: Let's have a look. I've forgotten what I priced that at.

Tourist: The label says one hundred and seventy-five pounds.

Stallholder: Oh, yeah. Well, as I say, it's very good quality. Er, but I might be able to do you that for less.

Tourist: Oh, yes?

Stallholder: Yeah, let's see ... How about a hundred and fifty?

Tourist: Hundred and fifty. Hmm. Sorry, can't afford. Thank you ...

Stallholder: Make me an offer then.

Tourist: Oh, I ...

Stallholder: Go on. Make me an offer. On holiday are you, you and your girlfriend?

Tourist: Er, no. Unfortunately, just me. My girlfriend couldn't leave her job.

Stallholder: Oh dear! So she's at home in Japan, is she? You'd better take her something nice back then, hadn't you? Make me an offer. Go on.

Tourist: Hmm, well, maybe I can pay eighty?

Stallholder: Eighty? Come on! You must be joking! It cost *me* more than that. In fact, I'm practically giving it away as it is.

Tourist: Oh, sorry, sorry. I think I'll leave it.

Stallholder: Hang on. OK, I tell you what. You pay me a hundred and fifty. And I'll throw these earrings in as well. How about that? They're silver-plate, mind you, but they're good ones. Go well with the bracelet. What do you think? Bracelet and the earrings for a hundred and fifty. I can't say fairer than that now, can I?

Tourist: Yes, I like the earrings. But price is still too high for me. Maybe one hundred? Just for the bracelet.

Stallholder: Blimey! You drive a hard bargain, young man! OK. Here you go. A hundred and thirty-five for the two – bracelet and earrings. Now that's my final offer. I won't take a penny less. Or my husband'll kill me when he gets back!

Tourist: Hmm. How about a hundred and twenty? Just for the bracelet.

Stallholder: Done! There you go. You've got yourself a bargain there. I'm sure your girlfriend will love it ...

Track 2.07
7B Exercise 7

Trainer: Well, the first rule of bargaining is knowing what you're aiming to get, what you'll settle for and where you want to start negotiations. Only a fool would start with what they're aiming for because they might be able to do better. And, obviously, you should never let the other side know what you'll settle for or they'll be only too happy to make you settle for it.

This chart shows how the planning stage works. On the left of the chart we've got the buyer and seller. The first column shows their opening point – that's what they'll ask for at the start. The second column shows their target point – that's what they're realistically hoping to get. And the third column shows their reservation point – that's the least they'll settle for. After that, they'd be better off not doing a deal at all.

So let's assume the buyer is realistically hoping to pay no more than ten dollars for whatever it is they're buying. That's their target point – ten dollars. The most they're willing to pay is thirteen dollars. That's their reservation point. But they won't be very happy if they end up having to pay three dollars more than their target. Their opening point is seven dollars. They don't really expect to get the product for that price, but it just might happen and, more importantly, it gives them room to negotiate between seven and ten.

Now let's assume the seller has a higher price in mind as their target. Let's say their target point is twelve dollars. Now, in the case of the seller, their target is only two dollars away from their reservation point, which is ten dollars. And they decide to open at sixteen dollars, quite a bit higher than their target.

So straight away you can see that there's a deal to be done here. Somewhere between ten and thirteen dollars both sides will, in theory, reach an agreement. That's the ZOPA, the zone of possible agreement, ten to thirteen dollars. But clearly the seller is going into this negotiation much more aggressively than the buyer. Starting off high and setting a target quite near their reservation point. And, unlike the buyer, there's a chance the seller could come away from the negotiating table with a dollar more than their target point.

Track 2.08
7C Exercise 3

Extract 1

Sales representative: Right, so you're looking to lease or purchase fifteen Commute 1.6 litre diesel saloons in metallic silver, with cloth seats, anti-rust sealant, air conditioning and GPS. Is that correct?

Purchasing manager: Mmm. Purchase, I think, but it's a fairly substantial order, so what sort of price can you do me on that?

Sales representative: Well now, the standard list price on the Commute 1.6 is seventeen thousand two hundred pounds. So for a fleet order of this size – let's see ... How about we knock off seven hundred per unit? Brings it down to sixteen five.

Purchasing manager: Ah ...! Sixteen thousand five hundred pounds! To be honest with you, that *is* more than we were planning to pay. We were hoping for something closer to fifteen thousand. And then metallic paint, sealant, air-con and GPS are all extras, I suppose?

Sales representative: Well, yes, normally those would be extra, of course, but, erm, there may be some room for manoeuvre there. Let me have a word with my manager. I shan't be a moment.

Track 2.09
7C Exercise 3

Extract 2

Sales representative: Good news. My manager tells me we can include the metallic paint, sealant and air-con in the price.

Purchasing manager: Uh-huh.

Sales representative: GPS would have to be extra, though. But what we'd be willing to do is fit that at cost price. So you'd be making a substantial saving there. Or, for the same retail price as standard GPS, we might be in a position to offer you the V-Trak model, which actually enables you to track the precise location of all the vehicles in your fleet. I imagine that would be very useful to you in your line of business, Ms Evans.

Purchasing manager: Very possibly, Mr Ferris, very possibly. But, erm, getting back to the question of price for a moment ...

Sales representative: Yes?

Purchasing manager: I really think we need to see a bit more movement there.

Sales representative: Ah.

Purchasing manager: What I'm saying is: I appreciate you're including the extras – that's great – but the unit price is still somewhat out of our price range, I'm afraid. It's very important for me to stay within my budget on this.

Sales representative: I understand. Well, what sort of figure did you have in mind?

Purchasing manager: Well, as I said, we'd budgeted for fifteen thousand per vehicle.

Sales representative: Hm. I see. Well, there might be some flexibility there, Ms Evans, but not much. You have to remember you're getting a very good car with the Commute and all those free extras, as well as our fully comprehensive three-year warranty. Plus, we *are* offering you *very* favourable payment terms.

Purchasing manager: Yes, I realise that ...

Sales representative: So?

Purchasing manager: So ... Perhaps you'd like another word with your manager ...

Track 2.10
7C Exercise 3

Extract 3

Sales representative: Ms Evans. Sorry to keep you waiting. OK, this is what we're prepared to do. If you're happy to take the fifteen Commutes in black, red or white, rather than the metallic silver, and without air conditioning, we can reduce the unit price to fifteen thousand five hundred. For that price we'll still include the special sealant and only charge you cost and labour for the GPS.

Purchasing manager: OK, so this is what's on the table at the moment: fifteen non-metallic Commute 1.6s with sealant and cost price GPS for fifteen five per vehicle?

Sales representative: That's right.

Purchasing manager: Hm. Throw in the air-con, Mr Ferris, and you've got yourself a deal.

Sales representative: I'm afraid that really is my absolute bottom line, Ms Evans. My manager has already put me on his hate list. You wouldn't want to be responsible for a homicide, now would you?

Purchasing manager: Shall we split the difference on the air-con?

Sales representative: Ah ... I'll tell you what I'll do. I'll charge you cost on the air-con – same as the GPS. My best

offer. What do you say? Do we have a deal, Ms Evans?

Purchasing manager: We do, Mr Ferris. Nice doing business with you.

Sales representative: And you, Ms Evans, and you.

Track 2.11

8A Exercise 3

The audio script is in the Key (page 73).

Track 2.12

8A Exercise 9

The audio script is in the Key (page 73).

Track 2.13

8A Exercise 10

The audio script is in the Key (page 73).

Track 2.14

8B Exercise 3

Sales coach: OK, now, according to Doctor Robert Cialdini, the world's leading authority on the science of persuasion, there are six central Principles of Persuasion we need to consider when we're trying to get people to comply with our wishes. So let's take these one by one.

Principle number one is Reciprocity. This is the principle that if I give you something, you're more likely to give *me* something in return. Fairly obvious, you might think, but it's not so straightforward. Studies show that even if you don't *ask* me for anything and even if you don't really *want* what I give you, you'll *still* feel a certain obligation to give *me* something in return. Think of how collectors for charity will often give you a badge or sticker for nothing. And then you'll feel guilty if you don't give them at least a small donation – usually a lot more than the cost of the badge!

Principle number two is Scarcity – the idea that you'll want something more if there's a limited supply or if it's only available for a short time. This is the thinking behind all those advertising lines: 'Order now to avoid disappointment', 'Huge savings while stocks last'.

Principle number three is Authority. In general, we're more persuaded by those we believe to be experts. Why did I tell you a moment ago that Doctor Robert Cialdini is the *world's leading authority* on the science of influence? Why, to persuade you to listen, of course!

Principle number four is Consistency. People don't like to seem inconsistent in their behaviour. So if I can get you to make a small commitment first, then you'll be more likely to make a similar but bigger commitment later. And, of course, if you've already made a big commitment, then refusing to make further small commitments would seem very inconsistent. Consistency is one of the reasons why it can be easier to sell more to an existing customer than to sell anything to a new customer who has so far made no commitment to you.

Principle number five is Consensus. If you know a lot of people think something is a good idea, you're more likely to think so too – call it social proof. If something is in great demand, even though it may not be scarce, you sense there must be something good about it and that maybe you should have it too – it's the old 'six million people can't be wrong!'

The sixth and final Principle is Liking because, when we like someone, we find it easier to say yes to their requests. It's like the famous sports agent Mark McCormack used to say: 'All things being equal, people will buy from a friend. All things being not quite so equal, people will still buy from a friend!'

Track 2.15

8B Exercise 9

1 *The network cluster:* You sell network clusters to IT departments. As you greet the potential customer across the table from you, you notice that, judging by the trophies behind his desk, he's as keen a tennis player as you are. Then, to your astonishment, you see from the diploma on his wall that he graduated from the same business school as you too! What should you do?

Track 2.16

8B Exercise 9

2 *The extended guarantee:* After a lot of hard bargaining, you've just sold twenty-five touchscreen tablet computers at a fifteen percent discount to a corporate training company. You're now trying to persuade them to choose the extended twenty-four-month guarantee instead of the standard nine-month warranty. They say it's too expensive. What should you do?

Track 2.17

8B Exercise 9

3 *The insurance plan:* You are a senior sales representative for a private health insurance company. You offer three types of medical cover: standard, standard-plus and premium. When presenting your services to a prospective client, what should you do?

Track 2.18

8B Exercise 9

4 *The coffee machines:* You are the sales manager for a company that sells coffee machines to hotels and restaurants. Your representatives tell you that they are having difficulty selling your products, which are not priced competitively in what has become a very fierce market. What should you do?

Track 2.19

8B Exercise 9

5 *The pay package:* You're the human resources director of a large multinational and are about to propose a new remuneration package to the trade union representative of your factory workers. You've drawn up a list of seven different payment models with varying emphasis given to basic pay, bonuses, incentives, perks, pension schemes and overtime. What should you do?

Track 2.20

8B Exercise 9

6 *The corporate website:* You're negotiating with a web development company to design and build you a new state-of-the-art website. They seem reluctant to quote an exact price for the design you're interested in, saying it depends on a number of different technical options. What should you do?

Track 2.21

8B Exercise 9

7 *The loyalty programme:* You work for a hotel chain which offers a loyalty programme to companies who regularly book guestrooms and conference suites in your hotels. The company whose business you're trying to win wants to know more about the programme. What should you do?

Track 2.22

8B Exercise 9

8 *The construction project:* After meeting you for the first time to negotiate the terms of a construction project in the Middle East, your client tells you they have some special requirements and asks you if you could prepare some figures for them before your next meeting. What should you do?

Track 2.23

8B Exercise 9

9 *The contract negotiation:* You need to renegotiate the terms of a major contract with an important client. You know they won't be happy about this, but you're not too worried as you just gave them a very valuable investment tip, which has made them quite a lot of money. What should you do?

Track 2.24

8B Exercise 9

10 *The research budget:* After three consecutive meetings with your international heads of R&D, you have failed to reach agreement over the research budget for next year. Four hours into the latest round of negotiations you've again reached an impasse. You've made what you believe to be a very strong case for your revised proposal and you really must reach an agreement soon. What should you do?

Track 2.25

8C Exercise 4

Good cop – bad cop

Brezinskiy: Oh, come on now, Mr Vimont! You'll have to do a lot better than that! You know as well as I do that your prices are simply not competitive.

Vimont: Mr Brezinskiy, if you look at the full list of services we include within the basic price I've quoted, you'll see that, in fact, we offer easily the best value.

Brezinskiy: Huh! The way I see it, you've just added a lot of unnecessary extras to inflate the price. But you're not fooling me!

Sidorova: Now hold on a minute, Yuri. Let's just hear Monsieur Vimont out.

Brezinskiy: Well, I really think we're wasting our time here!

Sidorova: Yuri, please. Now, Monsieur Vimont ... Didier, isn't it?

Vimont: Er, yes, but as I was trying to tell your colleague, Ms Sidorova ...

Sidorova: Please, call me Svetlana. Yuri, perhaps you'd like to get us all a coffee. How do you take your coffee, Didier?

Vimont: Oh, er, a little milk, please. No sugar.

Sidorova: Now, Didier, the thing is this – we are obviously very impressed with your products. But I'm afraid we don't have much flexibility on price. And please excuse Yuri. He's just frustrated that we have so little room for manoeuvre. Believe me, he's very keen for us to do business. Now, let's look at the figures again, shall we?

Track 2.26

8C Exercise 4

Shock opener

Schlesinger: Well, now, Ms Borg, thank you very much indeed for the tour.

Borg: My pleasure, Dr Schlesinger.

Schlesinger: I must say it is a magnificent complex. Superbly appointed throughout with all the facilities we're looking for. And with excellent transport connections. Having gone through all the plans and the accounts you provided us with, I have to say it's exactly the kind of property my client is looking to invest in.

Borg: Well, thank you, doctor. I'm delighted to hear it.

Schlesinger: Yes, now, I'm authorised to make you an offer of sixteen million euros.

Borg: Er, sixteen million? Did you say *sixteen*?

Schlesinger: Yes, that's right.

Borg: But the asking price is *thirty-five*.

Schlesinger: Yes. Hardly an accurate valuation, though, would you say, Ms Borg? In today's market. Sixteen's my offer.

Borg: Well, it's just so much lower than what I expected! I hardly know what to say. In our communications you sounded very keen to buy.

Schlesinger: And we are, Ms Borg, we are. At sixteen million euros ...

Track 2.27

8C Exercise 4

Strictly off limits

Hanson: Now, I should say that we do always insist on a fifty percent payment in advance on a first consignment, Mr Ashihara.

Ashihara: But, ah, Mr Hanson, I assumed this was negotiable.

Hanson: No, that's not negotiable, I'm afraid.

Ashihara: Not negotiable?

Hanson: Company policy, you see. We've had so many problems with late payment with new customers.

Ashihara: Yes, but surely, you're not saying you don't trust us to meet our payments ...

Hanson: Of course not, Mr Ashihara. But my hands are tied, I'm afraid. Let's move on to insurance costs, shall we?

Track 2.28

8C Exercise 4

Slice the salami

Hopgood: OK then, Ms Duke, so I take it we're in agreement on licensing fees?

Duke: Er, well, just a moment, Mr Hopgood. I'd like to clarify the scope of the licence first before we settle the question of fees.

Hopgood: Well, yeah, sure, but in principle the figure sounds about right?

Duke: Well, in principle, yes, but ...

Hopgood: Great. So, that's one thing we can tick off our list. We seem to be making good progress.

Track 2.29

8C Exercise 4

Last-minute demand

Jimenez: So, I think we're almost there, Ms Schuman. Oh, just one more small thing ...

Schuman: Yes?

Jimenez: We would, of course, need the packaging in blue.

Schuman: Blue packaging?

Jimenez: Yes, company colours, you see.

Schuman: Er, yes, I see, but ...

Jimenez: That's not going to be a problem, is it? I mean, blue boxes instead of red boxes. That's not going to affect the price or anything?

Schuman: Well, actually, Ms Jimenez, it might. You see, it's not quite as simple as it sounds.

Jimenez: Oh, I'm sure it can't be all that complicated! We're not going to lose this deal over the colour of the boxes now, are we?

Track 2.30

8C Exercise 4

Message from God

Carlo: OK, ciao! ... Er, that was my boss.

Steve: Problems?

Carlo: You're going to hate me for this, Steve. You know when I said if this all went well, we'd make you our sole supplier?

Steve: Yes.

Carlo: It seems my boss has other ideas.

Steve: What? But, Carlo, you promised me ...

Carlo: I know, I know what I promised. But apparently a friend of a friend of my boss. He's in the same business as you and ...

Steve: Don't tell me any more. So, no exclusivity? Well, this changes everything.

Carlo: Now wait, Steve, come on. After all our hard work, we have a really good deal here. Let's not spoil that. Leave me to work on my boss. I'll get him to see things our way. You wait and see.

Track 2.31
8C Exercise 4

Once in a lifetime

Samantha: Alicia, I just can't believe you're not going to accept this deal! I don't offer terms this favourable every day of the week, you know. Frankly, I don't know how you managed to push me this far. You're some negotiator, I'll say that! What does it take to get you to sign a contract?

Alicia: Well, I appreciate how far you've moved on the volume order discount, Samantha, I really do. But the basic price is still outside my budget.

Samantha: Well, I'm glad I'm not the one telling your boss you just turned down the most generous terms his company's ever been offered. Boy, I sure wouldn't want to be in your shoes. But ... it's your decision, Alicia. And I respect that.

Track 2.32
8C Exercise 4

Excuse my English

Yip: Ah, Mr Kennedy. I'm very sorry for my poor English. I think maybe we have misunderstanding.

Kennedy: I don't think so, Mr Yip. Your English is just fine.

Yip: You're too kind.

Kennedy: Not at all. I mean we do have an agreement, don't we?

Yip: Ah, well, yes ... and no.

Kennedy: And no?

Yip: I will, of course, need to take what we have agreed to the head of local government for approval.

Kennedy: So then we may have to meet again to negotiate further?

Yip: I'm sorry, Mr Kennedy. I'm afraid that's how it works here in China. Perhaps I could have explained more clearly.

Track 2.33
8C Exercise 4

Take it or leave it

Zoltan: So you see, Christina, I do have to have an immediate answer if you want to benefit from the limited offer I've been talking about.

Christina: Just a minute, Zoli. You mean I have to make a decision right now?

Zoltan: Well, seeing as it's you, I could probably hold the offer until tomorrow, but that's about it.

Christina: It's take it or leave it?

Zoltan: With this particular deal, I'm afraid so, yes.

Track 2.34
8C Exercise 5

1

A: So, basically, that's our offer – take it or leave it.

B: Well then, I'm sorry, it looks like we'll have to leave it.

2

A: Now, I'll just have to get this okayed by my boss.

B: I'm sorry, I thought you were the decision-maker in this negotiation.

3

A: Now, I certainly don't remember agreeing to that.

B: Yes, I have it all written down here in my notes: 'volume discount agreed'.

4

A: To be honest, we've had a much lower quote from your competitors.

B: Really? You surprise me. I'd be very interested to see a copy of that.

5

A: I must have an immediate decision – can't hold the offer, I'm afraid.

B: I'm sorry, but if my answer must be now, then my answer must be no.

6

A: OK, let's see if we can agree on the specifications first, before we move on.

B: If you don't mind, I'd rather have everything on the table first.

7

A: To be frank, your maintenance charges are simply unrealistic!

B: If you look at what they include, I think you'll find them very reasonable.

8

A: Reduce the price and I'll give you more business in the future.

B: OK, when you make a repeat order, we'll look again at the price.

9

A: Now, you're not going to blow this deal over three thousand euros!

B: Of course not. And neither are you, I'm sure. We'll meet you halfway.

10

A: It's an interesting proposal. We'll give it some consideration and get back to you.

B: Certainly. What are the issues you'd like to consider, if I may ask?

Track 2.35
9A Exercise 4

a

Japanese: I think Japanese is a rather vague, indirect language. Even Japanese grammar is quite impersonal, so meaning is not always clear. When I do business in Germany or the United States I think perhaps they find this frustrating. They want an answer – yes or no. But Japanese are famous for not saying 'No'. In fact, we have many ways to avoid it. Maybe we change the subject or maybe we say 'Yes' meaning 'Yes, I understand ... but no'. In this sense, we are quite like the British. We want to avoid conflict, to save face. Mm, to disagree – it's not always necessary to say 'I disagree'. Why say 'disagree'? Why upset your business partner, make him lose face? If you do business in Japan, remember, don't be negative – face is very important.

b

French: Erm, in France we don't like ambiguity. We like clear thinking. And, to be honest, this is probably what still annoys me most when I do business in the UK. It's a cliché, I know, but the British really never say what they think. You always have to read between the lines. Easy to do if you are British perhaps, but not so easy if English is not your language. In Germany, on the other hand, I have no problem. For Germans, the facts are the facts – pure and simple. Maybe in Germany it's even simpler than in France. We like to elaborate a little more, or even a lot more! But, still, we are direct. What I hate is all the polite understatement – you know, 'Sorry, but it might possibly be rather difficult to agree at this stage', etcetera, etcetera. Stop wasting time! If you disagree, just say so!

c

Arab: In most Arab countries negotiation takes a very long time. Here in the Emirates, at the beginning, it's all very indirect – lots of generalisations and not too many proposals at this stage. We are very diplomatic about what we say until we know you better. But then, suddenly, the atmosphere can change. Suddenly there can be a lot of speeches, maybe some conflict. The British, I know, have a reputation for being vague and unemotional. To be honest, it makes no difference to me. Whether my opponent says, 'We can cover the shipping costs' or 'Perhaps we could cover the shipping costs' or 'Supposing we were to find a way of covering the shipping costs' – they all mean the same thing. They *will* cover the shipping costs! The messages may *sound* different, but once you've learned the code, it's very easy to interpret.

Track 2.36

9A Exercise 5

The audio script is in the Key (page 76).

Track 2.37

9A Exercise 6

The audio script is in the Key (page 76).

Track 2.38

9A Exercise 7

The audio script is in the Key (pages 76–7).

Track 2.39

9A Exercise 8

The audio script is in the Key (page 77).

Track 2.40

9A Exercise 9

The audio script is in the Key (page 77).

Track 2.41

9A Exercise 10

The audio script is in the Key (page 77).

Track 2.42

9B Exercise 2

Speaker: You know, when I think of breaking deadlock in negotiations, I'm reminded of the old Arab tale of a father and his three sons. Now, as the father is growing old, he calls his eldest son to him and says: 'Son, to you I leave half my camels when I die.' 'God bless you, father,' says the eldest son. Next he calls his second son to him and says: 'Son, to you I leave a third of my camels when I die.' 'God bless you, father,' says the second son. Finally, the old man calls his youngest son to him and says: 'Son, you are the light of my autumn years. To you I leave a ninth of my camels when I die.' 'God bless you, father,' says the youngest son and leaves his father's tent. Well, shortly after, the old man dies and the sons get into an argument about how many camels they have inherited. You see, the father had seventeen camels and you cannot divide seventeen by two or three or nine. The sons try to negotiate a deal, but it's hopeless. So eventually, they consult a wise old camel-herder. The camel-herder says: 'Well, why don't you take my camel too and see if that helps?' So now the sons have eighteen camels to divide amongst them. The eldest son takes half – that's nine. The second son takes a third – that's six. And the youngest son takes a ninth – that's two. But nine plus six plus two is seventeen. They had an extra camel, which being honest men, they gave straight back to the camel-herder!

Track 2.43

9B Exercise 6

a

F: So, basically, that's your final offer?

M: Well, erm ...

F: It's take it or leave it?

M: Well, I don't like to put it like that, but erm ...

F: It's not negotiable?

M: I'm afraid not.

Track 2.44

9B Exercise 6

b

M: Look, I'm sorry, but we're not prepared to compromise on that at this stage.

F: And I'm not asking you to compromise.

M: But you just said ...

F: The way I see it, you'd actually be gaining.

M: Gaining?

F: Well, yes. I mean, sure, you'd be making a little less on *this* project, but by getting fifty percent of your fee upfront, that's going to give you a lot of cash to play with. And then, by the time the project is completed, we'll be into the next fiscal year, I'll get an increased budget and we'll be able to pay your standard fee on the follow-up project – again, with another payment in advance.

M: Mmm, I suppose you're right.

F: You can't lose really.

M: OK, let's go with that then.

Track 2.45

9B Exercise 6

c

F: Now, just a minute!

M: What?

F: Well, earlier you were saying you had to stay within your budget.

M: And?

F: And now you're saying there might be some flexibility there.

M: So?

F: So which is it? Is there any flexibility or not? You seem to have changed your story!

Track 2.46

9B Exercise 6

d

M: So did you get me the quotes from those promotional video companies I asked for?

F: I did. They're all here.

M: Great. Any thoughts?

F: Well, they've all got impressive portfolios. They've done some nice work. I'm not convinced we couldn't do as well ourselves if we invested in the right equipment to shoot and edit the films.

M: Really?

F: Oh, I think we could, yeah. Our own in-house media team's pretty good, you know.

M: Mmm.

F: But certainly we can save ourselves a few thousand dollars by hiring one of these companies instead ...

M: Well, no, wait a minute. If we're going to be making more of these videos, I think it would be worth making the investment in the technology.

F: Good idea. Why didn't I think of that?

M: Well, that's what I'm paid for!

Track 2.47

9B Exercise 6

e

F: Well, I'm sorry, but if that is the best you can do, I think we should just forget the whole thing!

M: Now, wait a minute!

F: No, look, really, there's no point. I mean, what you're offering us ... well, it's just ridiculous! Excuse me ... Hello? ... Oh, hi. ... Yeah, I'm with him now ...

No ... No, hopeless ... What? ... What? ... Oh, great ... No, nothing ... Fine. That's fine ... Yes, I'll get back to you this afternoon ... OK, bye.

M: Problems?

F: Erm, no. Not at all. Erm, so, look, perhaps I was a bit hasty.

M: I'm sorry?

F: Er, yes. Let's just go through these figures again, shall we? And maybe we can sort something out.

Track 2.48

10 Exercise 3

American: Yeah, I'd say Americans do tend to push for quick decisions. You know, time's money! Come on, let's do it! But we're much slower to implement. There's a lot of legal stuff to work through. Have you ever read an American contract? We try to protect ourselves against every possible negative outcome. And the deal's not done until all those contracts are signed.

Chinese: Decision-making can be slow in China. There is often state involvement. And many of the big decision-makers may not even be at the meeting. And then, a contract in China is more like a marriage than a legal document. It's a statement of intention, not an obligation. We agree to stay loyal to our partner 'for better or worse'! And like a marriage, there will be compromise, give and take. So you have to be flexible.

German: You might think, with Germans famous for their efficiency, that decision-making would be fast in Germany. But, in fact, it can be quite slow. We don't like uncertainty, so a lot of research will be done before we sign the contract. Once we sign, however, we spring into action. So don't be worried if we take a long time to get back to you. If we say yes, we mean it!

Russian: Russians are masters of waiting. If we don't get what we want in a negotiation, we will sit it out forever! Our stalling tactics are legendary. So you'll have to push us hard if you want to close the deal. And once you do close it, you must make sure you follow through and verify all that's been decided. Russians are big on emotional appeals. But working out the details is not our strong point.

British: For the most part, I'd say the British are reluctant to make any snap decisions. So even if things are pretty clear-cut and we want to go ahead with the deal, we'll generally ask for some time to think it over – and then call another meeting to finalise things. But once that's done, you'll have a fairly trustworthy and flexible business partner. Just don't rush us!

Brazilian: Getting a decision takes time in Brazil. First, we want to give everyone a chance to express their opinion. Of course, in reality, not everyone will be involved in the decision-making. But they must be heard. People may get quite excited in the meeting, but we'll generally try to avoid conflict. If you have what we want, you'll get the deal. A word of warning: there'll be a lot of loose ends to tie up. So do your due diligence!

French: In France we don't like vagueness. So everything must be crystal clear before we'll agree to anything. In a meeting never ask us what we've agreed *so far*. The answer is: nothing! When everything is on the table, then we'll see if we agree. And when we do agree, we won't want to be tied to a contract. This is not so much because circumstances may change. It's because, if you give us time, we'll probably come up with a better idea!

Track 2.49

10 Exercise 4

A: OK, so, at this point, perhaps I could just summarise what we've decided. You'd like to go ahead with the purchase of our inventory-tracking system. And we've settled on a price of forty thousand dollars, payable in eighteen monthly instalments.

B: Yes, we're happy with that.

A: Now, some of the software may be different from what you've been using. So, as we agreed, we'll take care of the staff training side of things. And you'll supply us with more information about your specific training needs.

B: Yes, there are a few details we still need to work out there.

A: Of course. So we'll obviously need to arrange a follow-up meeting to discuss those. Erm, now, so far we haven't talked in any detail about the format of the training. We may want to run that onsite or online or, most likely, offer a combination of the two. And the question of cost remains to be clarified. That depends to a great extent on how familiar your people are with this kind of software already.

B: Yes, we'll fix an appointment with our head of IT to discuss that. We'll have to do a TNA. And we'll report back to you on how that goes.

A: Great. Well, when we know your precise requirements, we'll be able to cost the training more precisely. Obviously, we'll need to put all that in writing for you.

B: Good. So, by the time of our next meeting we'll have worked out the training programme – as well as the schedule and full cost breakdown of the new system.

A: Yes. Now, does that cover everything or is there anything else you'd like to add?

B: No, I think that's it.

A: OK, well, in that case I suggest we end it there. It's been a pleasure doing business with you. Here's to a successful partnership!

Tracks 2.50 and 2.51

10 Exercise 5

Deal 1 and Deal 2

The audio script is in the Key (page 79).

Track 2.52

10 Exercise 6

The audio script is in the Key (page 79).

Track 2.53

10 Exercise 7

The audio script is on page 85.

Key and commentary

1A Preparing to negotiate

1

Preparation is key to successful negotiations – and doubly so when the negotiation is with an unfamiliar culture. As they say, 'If you fail to plan, you plan to fail.'

Goal-setting is obviously going to be the most critical part of your preparations. Is your opening proposal realistic, but sufficiently ambitious to give you bargaining room? Have you considered what your alternatives are – both in terms of the different 'packages' you can offer as part of a deal and in terms of what you'll do if you fail to reach a deal? Thorough background research on the company you hope to do business with together with their and/or your own competition will help you to set practical goals and generate creative alternatives.

If the negotiation requires a team, selecting the optimal combination of personalities and expertise can make or break your deal-making capacity. Look out especially for knowledge gaps in your team or doubling up of roles, making some members redundant.

Finally, consider carefully whose territory you'll be negotiating on – yours or theirs? If yours, then you can set things up your way. If theirs, you'll have to adapt. If you haven't negotiated with this culture before, do your homework, know what to expect, but don't over-react. Remember, ideally they'll be trying to accommodate your cultural behaviour as well. So don't collide in the middle!

2

Suggested definition

'Negotiation is a meeting between two or more parties with some common and some conflicting interests and a shared purpose, which is to arrive at a mutually beneficial, acceptable and implementable agreement.'

3

create a good atmosphere	1 ***build*** rapport	***find*** things in common
decide who will speak first	2 ***agree*** on a procedure	***set*** out the points to be discussed
state your opening position	3 ***make*** proposals and counter-offers	***summarise*** the other side's position
explore each other's interests	4 ***probe*** with questions	***clarify*** anything you don't understand
attach conditions to your offers	5 ***enter*** the bargaining zone	***trade*** concessions
call for a time-out	6 ***resolve*** any areas of conflict	***generate*** further options
work out the details	7 ***conclude*** the negotiation	***celebrate*** the deal!

4

Negotiation procedure is very culture-bound. In most countries you can expect to go through similar stages, but they may not come in exactly the same order and could be handled very differently.

In Italy, for instance, the relationship-building stage could be quite elaborate. You may go out for dinner the day before the negotiation and find yourself already informally engaged in negotiations. In Germany or Switzerland, the social side would probably be kept to a minimum until after a deal has been struck. In China, a strenuous amount of socialising may be expected, regardless of how the negotiations are going.

In the USA and the UK you'll be expected to stick to a more or less fixed agenda and in the US, at least, you'll be marched through it fairly swiftly. The French, however, may resent an enforced agenda which restricts their imagination and creativity. Germans will tend to begin with the probing questions almost immediately – and you'd better have the answers! Offering to get back to them with the information at a later stage won't do, as it might in the UK. The Japanese will have as many questions as the Germans, but ask the same ones several times to reassure themselves of the answers. Russians will almost always want you to set out your proposal first and then counter it very vigorously. Japanese and British will want to avoid such conflict at all costs!

Closing the deal as quickly as possible will certainly be the aim of American negotiators, but in many parts of the world – the Latin countries, the Gulf, most of Asia – several meetings will be necessary before an agreement can be reached. The British too will usually want to 'sleep on it' before making a final commitment.

5

Fact cultures – you should have ticked b, c, e, h and i.

People cultures – you should have ticked a, b, d, g and i.

Trust cultures – you should have ticked a, b, f, g and h.

6

Fact cultures include the UK, Germany, Switzerland, the Netherlands, the Scandinavian countries, most Central and East European countries (with the possible exception of Hungary) and the USA. French and Poles combine elements of fact cultures with people cultures, mixing logic and organisation with emotion and assertiveness. The British, whilst predominantly a fact culture, also display elements of trust cultures in their caution and occasional reserve and desire to avoid conflict.

People cultures include most Latin (Italy, Spain, Portugal) and non-Latin Mediterranean (Greece, Turkey) countries as well as Latin American

countries and the Gulf states. Russians and Romanians combine elements of people cultures with fact cultures, mixing eloquence and personal appeal with a hard-nosed approach and the need to be persuaded.

Trust cultures include the majority of Asian cultures (Japan, China, Korea, Thailand etc.). Hong Kong Chinese (because of British influence), Vietnamese (because of French influence) and Filipinos (because of Spanish influence) to some extent combine elements of trust cultures with either fact or people cultures – with Hong Kong Chinese fact-driven and subtly direct, and Vietnamese and Filipinos much more talkative and emotional than is the norm in Asia. The Indians somehow, in spite of British influence, learned to combine their Asian trust culture with a more expressive style of communicating.

Remember, generalisations work – in general! But be careful not to stereotype. The efficient, fact-hungry Germans are notoriously slow to make decisions. And the quiet, courteous Chinese can be very tough negotiators!

7

a 1 b 3 c 2 d 3 e 2
f 1 g 2 h 1 i 2 j 1 k 3
l 2 m 1 n 3 o 3 p 2
q 3 r 1

8

The numbers refer to the game board on page 80 and the flowchart on page 6.

1	2	3	4	5	6	
	5	4	5	6	2	1
5	3	1		7	6	2
1		4	5	2	4	3
5	7	1	3		2	4
4	6		5	4	3	5
5	3	2	7	4		6

1B Preparing to negotiate

1

In team negotiations, it's helpful to have each member take a different role in the meeting. If the negotiation has a technical element to it, then it can be very useful to refer to a specialist when technical questions arise. It's also good to have someone to note down what's said for future reference – in complex negotiations it's easy to lose track. An observer can concentrate on watching the other teams for signs of disagreement, uncertainty or weakness. And a facilitator can try to keep the conversation moving by explaining, summarising and, if necessary, calming things down when arguments arise.

Other important roles might include the decision-maker, the lead negotiator and a numbers person to do the calculations. Observing and note-taking roles can be combined, as can decision-making and leading the negotiation. But it's often useful – especially in complex, formal negotiations – for the person with the final say to step back from the negotiation itself and leave that to another negotiator.

2

a formulates + authority
b conciliates + clarification
c notes + calculations
d conducts + spokesperson
e monitors + movement
f breaks + solutions

3

Extract 1: ideas-generator
Extract 2: number-cruncher
Extract 3: decision-maker
Extract 4: chief negotiator
Extract 5: facilitator
Extract 6: observer

4

Team	One-on-one
Pros Teams feel more secure, less pressured and tend to come up with more creative solutions; members play to their strengths.	**Pros** Individuals can have a clearer strategy and single purpose; they can concentrate on the other party.
Cons Teams may disagree amongst themselves before and/or during the negotiation.	**Cons** Individuals may not have all the information they need; it's difficult to both negotiate and observe.
When? The negotiation is complex and/or formal; you want to show strength; a lot of different interests are involved; creativity is called for.	**When?** The issues are fairly straightforward; you're negotiating with an existing business partner; it's a low-stakes negotiation.

8

You have an excellent pool of talent to choose from, so, in theory, you should be able to field a great team for the negotiations with the Chinese. However, in addition to levels of expertise and experience as well as cultural and personality issues, you might also need to take age and gender into account, as you may possibly be facing a fairly mature, conservative and predominantly male team from the North China Electric Power Company. The three key roles for this type of negotiation are decision-maker, chief negotiator and technical expert. These you must get right.

It would be difficult to exclude either Robert or Jorge from the negotiations as both have such mission-critical roles at the company and are closely involved with the SolFlex project. However, neither has quite the right attitude to deal with the Chinese. Robert might be too hard-headed in the delicate early stages of the negotiation. With his strategic skills he should probably be the decision-maker and stay in the background as far as the negotiations themselves are concerned, but perhaps join in later if the going gets tough. Jorge seems like the ideal candidate for technical expert, although personality-wise, the Chinese are likely to prefer dealing with Yoshio. Given the importance in this deal of SunSource's proprietary technology, it might be sensible to have two technical experts. And at 57 years of age, Yoshio would add some seniority and weight to the team.

But, given that he doesn't work well with Robert, Oliver might be a better partner for Jorge on the technical side. Plus, he knows how the Chinese do business.

You might be taking a calculated risk putting a woman in charge of conducting the negotiations if you think the Chinese team would be more comfortable dealing with a man as the chief negotiator, but Karin, Yvonne and Galina clearly have all the credentials to do a great job. Although the youngest of the three, Galina seems the best choice; she is used to dealing with bureaucracy, her qualifications are sure to impress and she also speaks some Mandarin.

Colin's background in psychology would also equip him well to take on the role of either observer or facilitator. Kim or Safrina would do a good job as facilitator or ideas-generator, but on balance Safrina is probably the better choice – and you may well need her advanced language skills. She could also double up as observer or note-taker.

So one possible line-up is: Robert (decision-maker/second negotiator), Galina (chief negotiator), Jorge (technical expert), Safrina (note-taker/ideas-generator) and Colin (observer/facilitator). But, if you feel you lack a representative from finance, Karin could probably replace Colin as facilitator/number-cruncher.

2A Relationship-building

1

a In some cultures (Arab, for example), friendship is the basis of a lot of business – which is not to say that business is only done with friends, but that building some kind of relationship before moving on to business is almost essential. In China, building up a network of business partners to whom one has obligations and from whom one can ask favours ('guanxi') is a crucial part of business life. But here's the problem: friendship can also complicate business – what are you going to do if you find a better deal than your friend is offering?

b Obviously, in a one-off deal (buying a car or a house, for example), there's little point in building a relationship with someone you will probably never do business with again, though friendliness may get you a better deal. Most business transactions, however, are done with people you will almost certainly be doing business with again. If you 'beat' them this time, they will want to beat you next.

c It's not just the hope of repeat business that makes relationship-building an important part of negotiation. You also need to make sure the other party implements the agreement you have already made. So establishing good relations and trust is vital.

d Few people can afford to refuse business from those they dislike, but as Harry Quadracci says, if you dislike someone, there's usually a reason and that might well be a good reason for not doing business with them!

7

High-context (e.g. **Chinese**)
Low-context (e.g. **North American**)

Get to know your **opponent** first
Get straight down to **business**

Take a more **long**-term view
Think more **short**-term

Move from **general** to **specific**
Move from **specific** to **general**

8

a Low-context
b High-context
c Because business is much more dependent on personal relationships in high-context cultures, there can be more initial resistance to working with people from cultures which are very different, especially those that place relatively little importance on personal relationships. In low-context cultures the thinking is that business is business wherever you go.
d Culture is clearly not the only factor to take into account when negotiating internationally. Education, gender, age and individual personality are equally important, so it's best not to have too many preconceptions about the people you're doing business with! Remain open.

9

seems to be in a hurry L

uses family names to begin with H

insists on first names L

seems more interested in the products than the people L

tries to make small talk H

isn't listening very closely L

seems less clear about the objectives of the meeting H

10

a How long has it been now?
b How are you keeping?
c You're looking very well.
d What have you been up to?
e Weren't you moving house?
f Haven't you just come back from holiday?
g Do you get to play much golf these days?
h Didn't I hear you were being promoted?
i How are you settling in to the new job?
j How did that deal with BMW go in the end?

2B Relationship-building

1

The safest subjects are always weather (a much more interesting topic these days than it used to be!), food, sport, interests and places you know. 'Talking shop' (talking about your work) is also pretty safe. Some subjects may seem safe, but are not, so be careful! In Arab countries families are rarely mentioned in a business context. And, in any culture, asking someone if they 'have a family' may be enquiring about relationships they'd rather not discuss. The global economy is a fairly safe topic; the local economy may not be, as it could become political – and politics are best left until you know the other person quite well. For the same reason, take care when talking about the news. Sex and religion are generally taboo subjects in most cultures when talking with new acquaintances – though not old ones! A good rule when discussing potentially sensitive subjects (local customs, traditions, conflicts) is to ask lots of neutral questions and defer voicing any kind of an opinion until you're more sure of your ground.

2

conferences 5	colleagues 2	
languages 3	wine 7	sport 6
education 1	cities 4	names 8

3

First conversation:

Groupe Laconte – the company Élise is representing in the negotiations

Paris V – Élise and Franco both went to this university

1980s – when Franco graduated

Prof. Henri Nerval – Franco's colleague at Paris V and Élise's thesis supervisor

Granisitron – the drug Franco conducted phase 1 trials of with Nerval

Katowice – where Groupe Laconte is setting up a new plant

Largest in Europe – what the new Polish plant will be

Decentralisation – this is just at the planning stage at Groupe Laconte

Second conversation:

Brasilia – where Ishikawa previously attended a conference

2007 – when he was there

Sightseeing – something Ishikawa didn't have time for in Brasilia, but would like to do in Rio

Popular in Japan – football

Caipirinha – a traditional Brazilian cocktail

Rio Pedra – the village where Pinheiro was born

Stone River – the English translation of Rio Pedra

Ishikawa – also means 'stone river' in English

4

The amount of small talk expected will usually be determined by the host in an international negotiation. And, if they indicate that they want to cut the preliminaries and get straight down to business, it's best to follow their lead. The offer of a coffee may just be a coffee or it could be an invitation to socialise informally. Again, do what your host does. True coincidences or interesting shared experiences are always worth pointing out and sharing, but vague compliments can sound insincere.

5

The Seven Rules of Rapport

1 **Use your prior knowledge of the people you're doing business with to get things moving:**
I be***lieve*** you're op***ening*** a new plant in Poland.
I hear you're in talks with a new supplier.
Didn't I re***ad*** so***mewhere*** that you're decentralising?
I understand you used to work for Siemens.

2 **Make informed guesses about your partner and their business to keep things going:**
S***o*** you ob***viously*** s***peak*** French, Dr Martinelli.
I suppose you were at the Tokyo Conference.
I imagine it's fun living in a city like Rio.
You m***ust*** h***ave*** worked with Professor Nerval.

3 **Ask lots of safe questions about interests and opinions to keep the focus on the other person:**
Is this your f***irst*** t***ime*** in Brazil, Mr Ishikawa?
Did you g***et*** to see m***uch*** of the city?
Tell me, are you i***nterested*** in football a***t*** all?
Do you play any sport yourself?

4 **React to what your partner tells you to create empathy before continuing the conversation:**
Oh, r***eally***? Is th***at*** so?
How fascinating! Oh, I s***ee***.
How exciting! What a sh***ame***!
That's in***teresting***.
What a nuisance!
That's good news. Oh, that's a pi***ty***.
That's a co***incidence***. Sm***all*** wo***rld***!

5 **If you are the host, take every opportunity to show your guests hospitality:**
L***et*** me in***troduce*** you to the rest of the te***am***.
I'd l***ike*** you to m***eet*** my colleague, Dr Martinelli.
H***ave*** you tr***ied*** caipirinha, Mr Ishikawa?
L***et*** me re***fresh*** your glass.
We mu***st*** make s***ure*** you see so***mething*** of Rio.
In that c***ase***, I'll s***ee*** what we can arr***ange***.

6 **If you are the guest, take every opportunity to pay your hosts subtle compliments:**
De***lighted*** to meet you at la***st***.
I've h***eard*** a lot about you.
I'm very impressed with your new offices.

7 **Try to avoid single sentences. If you can, add on an extra comment or a question:**
Th***is*** is Dr Élise Fleurie. She'll be le***ading*** the negotiations f***or*** Groupe Laconte.
A***ctually***, I was in Brasilia a f***ew*** years a***go*** – for the engineering conference.

6

Hopefully, you managed to build rapport and keep the pre-negotiation conversation going successfully. But if you weren't happy with your performance and would like to try it again, the following tips may help:

- Make sure you get the listening–speaking balance right. With talkative partners, by listening 60% and talking only 40% of the time you'll make sure the focus stays firmly on them. With shyer partners you may want to reverse that to take the pressure off them, but be careful you don't dominate.
- Don't keep asking one question after another. More than three in a row can start to feel like interrogation! So try to mix in comments of your own every so often which allow your partner to question you back.
- Don't just immediately give up on topics that don't seem to interest your partner. This can cause embarrassing silences. Try to close each unsuccessful topic with a final positive remark to give you or your partner time to generate a fresh topic.
- When you find a topic that interests both of you, make the most of it! Don't feel the need to keep changing the subject if things are already going well.
- Avoid false enthusiasm. If your partner is obviously not very interested in small talk, keep things brief, cheerful and superficial.

3 Establishing a procedure

1

This will depend on how predictable the issues are. In a simple sales negotiation, perhaps with a regular customer, the issues are pretty clear with both sides knowing what's negotiable. In a first-time negotiation with a new customer or partner you may need to allow more time for the issues to become clear.

2

a A debate is about demonstrating that your position is the right one. It has no place in a negotiation. A negotiation is not about right and wrong but about seeing if there is sufficient overlap between the needs of both parties for a mutually satisfactory agreement.

b Rigidly sticking to an agenda often blocks creativity and ignores the very real prospect of unforeseen issues emerging during the meeting. But, if time is restricted, there's a limit to how flexible you can be and an agenda is a map you can keep referring to throughout the negotiation in case you get lost.

3

If anything is non-negotiable, it's a good idea to make this clear at the start to avoid potential annoyance later. But be sure that it truly is non-negotiable. Are there no circumstances in which it might be negotiable? Don't restrict yourself at the outset by closing doors you could perhaps have left open.

4

Preliminary meeting with Edelman GmbH — GreenWay

DRAFT AGENDA

Meeting objective

To agree terms of a li***censing*** ag***reement*** between Edelman (li***censor***) and GreenWay (li***censee***) for the ma***nufacture***, ma***rketing*** and di***stribution*** of plant growth enhancer Nutrizyme (patent reg. no. NZ009S)

Discussion points

1 Outline of respective po***sitions*** (09.30–11.00)
- mutual benefits of the in***itiative***
- long-term go***als***
- fit between the two co***mpanies***

Coffee

2 Details of the agreement (11.30–13.00)
- sc***ope*** of the licence
- te***rritories*** in which the licence applies
- te***rm*** of the licence

Lunch

Question of global exclusivity

Remuneration method: lump sum or staged payment?

7

a look + meeting b begin + procedure c negotiate + terms d establish + basis e fit + plans f look + question g add + agenda h seem + agreement i decide + order j start + positions k move + details l allocate + matter

9

Although it's important to itemise all the things you want to discuss at the beginning of a negotiation, it's generally not a good idea to deal with each item separately because then you cannot link a demand on one item with a concession on another. Better, therefore, to finalise *nothing* until *everything* is 'on the table'. Then you can trade concessions more freely and productively.

10

Issues you may have wanted to add to the agenda include: the price (obviously); dismantling and transport methods and costs; the delivery schedule; reconstruction plans (if it is to be rebuilt); guarantees that the tower will be delivered complete and undamaged; insurance; how to deal with any adverse publicity surrounding the removal of a world-famous cultural icon!

4A The proposal stage

1

In some cultures – German, Dutch, Flemish, Danish, Norwegian, for example – frankness and directness are valued and negotiators prefer to get to the point quite quickly. After all, if the figures don't add up, then why waste time talking around the issues? But when negotiating with Arabs, British or Japanese, amongst others, be prepared to play a waiting game. They won't want to reveal their position immediately, preferring to find out more about you and create the right atmosphere first. If you rush them into discussing facts and figures, they may become evasive.

2

a demands e room
b options f strategy
c proposal g figures
d flexibility h corner

3

Extract 1: The negotiator here is seriously restricting both sides' options by putting time pressure on the other party and insisting on terms they called this meeting to negotiate. By showing very little flexibility and claiming that certain issues are not negotiable, they are forcing the other party into a corner. And threatening to talk to other suppliers at this stage is not going to create a good atmosphere!

Extract 2: This negotiator is making the mistake of talking figures much too soon. Making too many demands at this stage just sounds pushy and aggressive. Their proposal, far from being hypothetical and negotiable, sounds more as if it's take or leave it!

Extract 3: By contrast, the negotiator here is showing far too *much* flexibility before the negotiations have even begun. They are making concessions before they've been offered anything! This is going to leave them very little room for manoeuvre as the negotiation progresses.

Extract 4: This negotiator is giving away their strategy right at the beginning. Whilst it's sensible to be clear about what you want from a deal, it's not a good idea to go into detail about the relative importance to you of the different issues. This is just giving the other party ammunition for later on. And when you make a concession on an issue you've already told them isn't very important to you, you devalue the gesture.

4

a It's imperative we reach a final decision today.
b We would insist on free service and maintenance.
c I'm afraid that's not negotiable.
d We can be very flexible there.
e There's plenty of room for manoeuvre.
f This is very much negotiable.
g Let me be totally upfront with you.
h Our key interest in this negotiation is this.
i That's not such a high priority for us.

5

a Ideally, we'd like to reach a final decision today.
b We would hope that free service and maintenance would be included.
c I'm afraid we can't be very flexible on that.
d There might be some flexibility there.
e There may be some room for manoeuvre.
f We would be prepared to negotiate this if necessary.
g If I can be frank for a moment ...
h This is one of our top priorities.
i That may be less of a priority for us.

6

a There is a great danger of reading far too much into a simple gesture or expression. The person scratching their nose is much more likely to have an itch than to be lying. The person crossing their legs is much more likely to be making themselves comfortable than showing their opposition to your idea.
b Body language experts know to look for 'clusters' or groups of behaviours. If a person repeatedly and simultaneously displays many of the typical signs of lying, hostility or boredom, then it's very probable that they are indeed liars, hostile or bored!
c If you can see someone is showing signs of being closed to your ideas – for example, by folding their arms – you can break down that barrier by handing them something like a brochure or a written estimate. If you want to build rapport, then having similar, but not identical, posture and gestures to the person you're talking to – 'cross-mirroring' – can help to build rapport.

7

1 e 2 h 3 a 4 g 5 b
6 d 7 c 8 f

8

Here are what the different examples of body language probably show and the recommended responses to each.

1 Dissatisfaction B 2 Scepticism B
3 Acceptance A 4 Immovability A
5 Hostility B 6 Impatience B
7 Tiredness B 8 Uncertainty A
9 Stress A 10 Resistance B
11 Boredom A 12 Aggression B
13 Indecision A 14 Deception B

Assessment: If you got more than ten questions right, well done, you are a perceptive judge of body language, quick to see signs of movement or resistance and not easily fooled. If you got between seven and ten questions right, you pick up many of the signals, but may need to sharpen your skills, especially in difficult situations. If you got fewer than seven questions right, you could be missing a lot of opportunities in your negotiations or ...

... it could be that certain gestures and postures have a very different meaning in your culture. In this case you should take time to study the body language of the cultures you do most business with.

4B The proposal stage

1

a The obvious advantage of making your proposal second is that you get to hear about the other party's needs and priorities before you have to commit to an opening position yourself. This is especially useful when you're not sure what the other party's opening offer might be. After all, they might surprise you by offering more than you expected. On the other hand, there are definite advantages to putting forward your proposal first, especially if you think the other party's opening offer is going to be a lot less than you want. By going first, you set the parameters for the rest of the negotiation – this is known as 'anchoring'. The other party now has to try and draw you away from your opening position rather than the other way round.

b If both sides show a preference for hearing what the other party has to say first, then it comes down to a question of power. The more powerful party's wishes should be satisfied. In a buyer–seller situation the buyer usually has the power. In a joint venture negotiation, the bigger partner has the power. And in a salary negotiation, your boss does!

c 'Inscrutable' means not giving any indication in your face or in your body language of what you are thinking. In this sense, negotiating is a little like playing poker – you don't want the other party to know too much too soon about what you want and don't want!

d It's always a bad idea to respond to something until you're sure you've fully understood it. Regular summaries throughout a negotiation help. Some more devious negotiators have been known to deliberately misinterpret the terms offered by the other party as something more favourable. This forces the other party onto the defensive. It can work with a less experienced opponent who is anxious to get the deal, but is not generally recommended.

2

1 **Five**-year joint venture to develop a **twin-engine executive jet** primarily for the **Middle Eastern** market.
2 Set up **independent** company (share split: Goldstream **60%**; Étoile Avions **40%**)
3 **R&D** to be carried out at Goldstream's **research centre** in Seattle
4 R&D, plant and **working capital**, marketing and **launch** costs to be shared **50:50** by the two partner companies
5 Collaborate on the **expansion** of Étoile's **production facilities** in **Poland**
6 Shared **production** of fuselage, wings and tail section of aircraft in **Poland**
7 **Aero-engines** continue to be manufactured in **USA**

4

a Goldstream has special expertise in private aircraft design which is why R&D should remain there.
b The expansion of the Polish plant would be financed by Goldstream with Étoile retaining full ownership.
c Goldstream requires a majority stake in the venture to offset plant expansion and retooling costs.

5

a The advantages of the deal include access to new markets, research and capital as well as economies of scale.
b The three main areas of disagreement are: Étoile's minority stake in the venture, its exclusion from the R&D process and, potentially, the choice of supplier for the jet engines.

6

Suggested answers

a We'd like to work with a partner who ...
b What we envisage is ...
c So as I understand it, ...
d So, let me just get this straight.
e OK, so what we're looking at is ... – is this an accurate summary of where you stand?
f That's our current position, yes.
g Sorry, perhaps I didn't make myself clear.
h Well, let me say, first of all, that our initial reaction is ...
i Now, in terms of ..., we had a slightly different arrangement in mind.
j We'd also like to see a bit more flexibility on ...

5A Questioning techniques

1

'Open questions' (*Who/What/Where/When/Why/How ...?*), as the name suggests, will generally elicit more information and generate freer discussion. Closed questions should, as a rule, be reserved for quickly checking facts.

2

a This closed question gets straight to the point. If you get an affirmative answer, then the problem is immediately resolved with no need for argument. But if you get a negative response, you've left yourself with no room to negotiate. You are likely to end up settling for a date halfway between June 1st and your opponent's preferred date – something neither of you want.

b If you get a negative response to this closed question, you at least have some room to reach a compromise. You may even end up getting delivery earlier than June 1st, whilst at the same time making your opponent feel satisfied that they have moved you from your original position. A problem arises, however, if your opponent thinks asking for delivery by May 1st is unreasonable. Closed questions suggest inflexibility and so, when using them, you must make sure your position is realistic.

c This open question keeps your options open. More importantly, it allows for pleasant surprises. Perhaps your opponent can in fact deliver by April 1st! This is something you would probably not have found out by asking one of the closed questions. However, there is a risk attached. If your opponent answers: 'Aug 1st at the earliest', then they have placed their opening position so far from your target of June 1st that you are going to have great difficulty moving them to your position.
The best advice, therefore, is to use open questions when you really have no idea what your opponent's opening position might be – you might be happily surprised! But if

you think there will be disagreement between you, then a closed question will set the boundaries of the discussion you want to have better than an open one.

3

a How do you feel about the revised delivery schedule?
b What assurances can you give us that our order will be given priority?
c Good. So, what progress have we made so far?
d How well do the product specifications meet your requirements?
e How flexible can you be on the unit price?
f May I ask why a letter of credit wouldn't be acceptable?
g In what circumstances might you be prepared to consider including maintenance?
h Supposing sale-or-return *was* an option, how would that change things?

4

Effective negotiators will tend to move from open questions at the beginning of a negotiation to closed questions towards the end. At the beginning they need to find out about their opponent's overall position before getting down to details. But they don't want to commit to anything at this stage. Conversely, at the end of the negotiation they are trying to come to an agreement on each of the variables in the negotiation and need to be sure both sides are quite clear about what the other side has agreed to.

5

Extract 1: For one thing, the questioner is not listening to the answers she's getting. And for another she's asking the wrong questions at the wrong time. She starts off with some very rigid closed questions which immediately bring the two parties into disagreement. Then at much too late a stage she starts asking open questions which get an answer she didn't want. The substantial distance between the two negotiators' opening positions should have been established much earlier before anything (least of all the budget!) had been agreed. The atmosphere in this meeting has become somewhat hostile and the negotiation has reached deadlock.

Extract 2: Here the questioner begins with very open 'What sort of ...?' questions to get a rough idea of her opponent's position and she doesn't over-react to the answers she's getting, even though they're not really what she wants to hear. Her opponent also uses the same technique to get a clear idea of the budget for the project. After another open question to avoid immediate disagreement, the questioner uses a closed question to establish if her opponent's inability to complete the project by the end of Q3 is just a question of money. This successfully pins her down to admitting it is. By the end of the extract, no agreement has yet been reached, but the atmosphere is positive and some progress has been made.

Extract 3: The technique the questioner uses a lot here is to answer a question with another question. This can be a risky strategy if you overdo it (especially towards the end of a negotiation) because your opponent may feel you're simply trying to avoid giving them a straight answer. However, in the early stages of a negotiation it can work quite well. By suggesting that her answers depend on her opponent's answers to a further question, the questioner keeps the conversation going, finds out a lot about her opponent's needs and does not prematurely give away her own position. At the end of the extract she asks a 'fixed choice' question ('Would you rather A or B?'), which has a powerful effect on her opponent and prepares her to reconsider the $24 million budget.

6

Suggested answers

1 How flexible do you need us to be?
2 Is that a priority for you?
3 Would you prefer to do that?
4 Would you be happier if we did?
5 How many people do you need to train?
6 How soon can you deliver?
7 What sort of figure did you have in mind?
8 Would there be an extra charge for that?
9 Is that what you'd prefer?
10 What alternative would you suggest?
11 What would you like to move on to?
12 What is the maximum you can handle?
13 Wouldn't it be a good idea to discuss price first?
14 Sorry, what do you mean by HP?
15 Have you had a better offer?
16 What guarantees are you looking for?
17 What are the advantages of upgrading?
18 Exactly which costs are you referring to?
19 Is exclusivity something you're prepared to offer?
20 Can we just go back over some of the figures?

7

1 of 2 at 3 for 4 towards
5 to 6 about 7 with 8 for

8

1 h 2 a 3 e 4 c 5 g
6 b 7 d 8 f

9

a I'd say between five and six months.
b Probably about 20,000 units.
c October 12th or thereabouts.
f Somewhere in the region of $12 million.
h Well, somewhat lower than the one you've quoted us.

10

1 prefer – b, f
2 rather – a, c
3 be happier – d, e, g

11

Suggested answers

2 What sort of figure were you thinking of?
3 What sort of discount were you hoping for?
4 What sort of delivery date are we aiming for?
5 What sort of volume are we talking about?
6 What sort of arrangement would you be happy with?
7 What sort of alternatives would you be open to?
8 What sort of time-frame are we looking at?
9 What sort of credit terms are you offering?
10 How realistic is the deadline?
11 How soon can you deliver?
12 What are the main advantages of the new system?
14 What exactly does the guarantee cover?
15 How flexible can you be on price?
16 How do you feel about the revised schedule?
17 How well does this meet your needs?
18 How long is the first phase likely to take?
19 When would you be able to pay the first instalment?
20 What does the licensing agreement cover?
21 How much would you be prepared to reduce the price?

22 Who would be responsible for any damage in transit?
24 How close are we to an agreement?
25 Can we look again at scheduling?
26 Can you guarantee consistent quality?
27 Is maintenance included in the price?
28 Would you be prepared to increase your order?
30 Are you willing to accept freight charges?
31 Would that be reflected in the price?
32 Do you offer a bulk purchase discount?
33 Would you be interested in deferred payment?
34 Do you offer loyalty rebates?
36 Would you rather get a fee or a commission?
37 Would you prefer to pay in yuan or in dollars?
38 Would you rather pay in advance or on delivery?
39 Would you prefer to pay in cash or on credit?
40 Would you be happier with our standard or extended warranty?
41 Do you want that with or without the upgrade?
42 Would you prefer technical support or staff training?

5B Questioning techniques

1

Negotiating in a foreign language is challenging. It's easy for misunderstandings to occur and can be difficult to repair the damage later on. That's why asking questions constantly throughout the negotiation not only helps you to keep track of the discussion, but also gives you time to consider what's been said without committing yourself to an immediate answer.

2

a Well, could you explain what you mean by deferred payment?
b Sorry, can we go over the figures for the upgrade again?
c Well, when you say penalty clauses, what exactly do you mean?
d Sorry, exactly which costs are you referring to?
e Well, could you just say a bit more about what the payment plan involves?
f Sorry, but could you just run through the product specs again?
g Well, hang on a minute. Could we just go back through the breakdown of the costs in a bit more detail?

3

Questioner 1: b

Questioner 2: a

Questioner 3: a

Questioner 4: b

Questioner 5: a

Questioner 6: a

Simple clarification questions have a fairly even tone. Terms and information which are being queried may be stressed slightly:

Was that at <u>four</u> percent interest?

Sorry, did you say a <u>waiver</u> of the licence fee?

But when someone is disagreeing with you, they'll often stress the things they disagree with even more strongly and will sometimes stretch the words too:

Was that at F-O-U-R percent interest?

Sorry, did you say a W-A-I-V-E-R of the licence fee?

Notice that intonation tends to rise even more than normal at the end of the question to show disbelief.

4

a Did you say you need three <u>more</u> months to complete the project?
b Was that a surcharge of <u>thirty</u> percent?
c So you're <u>still</u> not happy with the price?
d Sorry, <u>how</u> much is delivery going to cost?
e So it won't be ready until <u>March</u>?
f And <u>that's</u> as high as you can go? (The stress could also be on 'go'.)

6

a Six months?
b A price increase?
c A bigger discount?
d After a year?
e Pass on the extra costs?
f Wouldn't be included?

7

a Simply that the less you say, the less likely you are to say something stupid.
b It is neither. It is a customary sign of respect and wisdom.
c Because they know it makes some cultures uncomfortable and may prompt them to give away their strategy or make a concession just to break the silence.

8

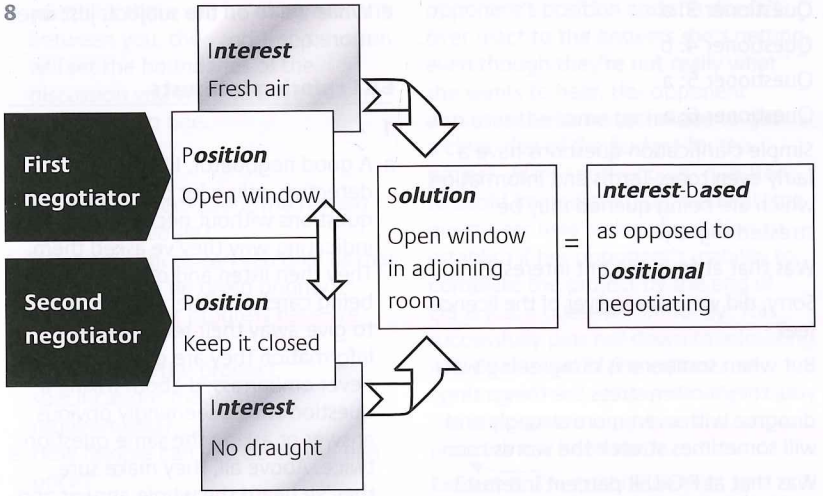
a May I ask you a question about that?
b Could you just clarify one thing for me?
c Sorry, but I want to get this quite clear.
d There's still one thing I'm not quite clear about.
e While we're on the subject, just one more question.

6A Exploring interests

1

a A good negotiator, like a good detective, asks a lot of probing questions without necessarily indicating why they've asked them. They then listen and observe closely, being careful neither to interrupt nor to give away their reactions to the information they are given. They're never embarrassed about asking a question with a seemingly obvious answer or asking the same question twice. Above all, they make sure they've heard the whole answer and fully understood it before drawing any conclusions.
b Shutting up after you've asked a question is crucial. If you interrupt or even indicate by your body language that you might be about to, you may cut off the other speaker before they've had a chance to tell you something you really needed to know. You don't gain any knowledge by speaking yourself. You only gain knowledge by listening. And in a negotiation knowledge is power.
c Again, no, you shouldn't interrupt. Even if you don't like what the other person is telling you, wait! Perhaps they are about to go on to say something else that counter-balances the thing they have just said which you didn't like. If you don't wait until they've given you all the information they wanted to, you may never find out.
d Unlike reading, writing and speaking, listening is something we're never explicitly taught. But there are certain things you can do to help you stay focused. First, you should try to keep fairly steady eye contact with the person who's speaking. This will not only cut down visual distractions, it will also reassure the other person that you're listening. Second, you can shut out your own thoughts by repeating in your head the key points the speaker is making. Third, if the other speaker is going to be talking for several minutes, taking a few brief notes will both concentrate your attention and aid recall when they finally finish.

8

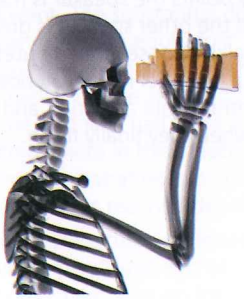


9

Positions are what you want. Interests are why you want them. Positional negotiation is like a game of 'tug of war' with both sides trying to win by pulling the other towards their position.

Sometimes called 'distributive bargaining', you can also think of this approach as trying to get a bigger piece of the pie than the other side.

In interest-based negotiation the key difference is that, instead of just finding out *what* the other side wants, you also try to find out *why*. Like an X-ray machine, you look for what's going on 'inside'. Once you know this, you may be able to satisfy their underlying interest, even though at first their position looks difficult to accommodate.



Sometimes called 'integrative bargaining', you can also think of this approach as seeing how your interests and the other side's can be made to fit together like the pieces of a jigsaw.

10

A compromise is *an agreement that pleases nobody.*

A solution is *an agreement which satisfies both parties.*

Hard negotiation is *trying to beat your opponent – a win–lose mentality.*

Soft negotiation is *putting agreement at all costs before your own interests.*

Principled negotiation is *aiming for a mutually satisfactory outcome – a win–win mentality.*

11

The negotiation you have just had is a tricky one to resolve because whatever happens, both speakers will have to continue to work together in the future. And the fact that the VP is insisting on seeing some results within the next two weeks means that a simple compromise is not going to be possible.

Part of the problem is that Speaker 1's boss is putting as much pressure on them to get the report finished as they are having to put on Speaker 2. If presented in the right way, this shared pressure could actually bring the two speakers together because it enables Speaker 1 to play the role of *mediator* between their boss and Speaker 2. Their approach should probably be: 'Look, I'm doing my best to hold my boss off for now, but I can't do it for ever. How can we get ourselves out of this mess?'

Getting someone to help Speaker 2 does seem to be the only logical solution. And if pressed, Speaker 2 will most likely admit that it's not getting help they object to so much as having to share the credit with someone who has only joined the project at the last minute after all the hard work has been done – especially as it's their rival in the department, Ramón. So the real issue for Speaker 2 is the amount of personal investment they've made in the project and their dislike for Jimenez. And Speaker 1 should focus primarily on this.

The real issue for Speaker 1, on the other hand, is not so much getting the report finished as simply getting their boss off their back. And Speaker 2 should focus primarily on this.

The following arrangement could work:

- Speaker 2 accepts some help, but the help should largely be with tasks that do not materially affect the content of the report – for example, designing charts, collating figures, checking for errors, etc.
- Speaker 1 agrees not to appoint Ramón to the project (even though he's the best qualified), but to find someone who will accept the more menial role of research assistant.
- Speaker 2 gets an extra week beyond the final deadline to make sure the report is not rushed at the last minute. However, they agree to produce within the next seven days an executive summary containing all the main points. In reality, this is probably all that the VP will have time to read, anyway, and she'll get it two weeks before the board meeting. By the time of the meeting itself, the full report will be ready.
- Speaker 2 also undertakes to go on working weekends and evenings and doing whatever it takes to make sure the report is finished in three weeks' time. And it had better be perfect!
- Speaker 1 arranges for Speaker 2 to present the full report to the VP and the rest of the board on the agreed date (so that there can be no further delays) and to ensure they get full credit for the work. Speaker 2's name is the only one to go on the cover of the report.

Of course, all the above assumes a fairly flat corporate hierarchy with a low power distance between bosses

and their subordinates. In some work cultures, the subordinate might have a lot less opportunity to determine the outcome of the situation.

6B Exploring interests

1

Questions are always a good way of driving a conversation forward and keeping the door open to finding areas of agreement. But how persistent you should be when asking questions is both a cultural issue and a gender one. In so-called high-context cultures, where creating and preserving relationships is particularly important, asking too many questions (especially difficult ones) can be seen as aggressive. And, whilst women tend to ask more questions than men to find out the interests and needs of others, research at Harvard University has shown that they are generally more reluctant to ask for what they want in case they get a negative response.

2

a The 'hard sell' is all about telling. The 'soft sell' is all about asking. 'Hard selling' is telling you what I've got and why you should buy it. 'Soft selling' is asking you what you need and finding out if I can provide it. So the ability to ask probing questions is critical. Of course, as anyone who has been on the receiving end of a soft sales pitch will tell you, 'soft sell' can be just as 'high pressure' as 'hard sell'.

b Questions are good at uncovering what lies behind the demands people make in a negotiation, but they can also put the other person in a difficult position if there are things they would rather not reveal. In high-context cultures like China, negotiators go to great lengths to avoid causing embarrassment or discomfort. For them it is vitally important to preserve 'face'. So the preferred method of negotiating is for both sides to simply ask for what they'd ideally like to get and then keep modifying their demands in response to what they think are the other side's priorities. They seldom come out and ask directly. They make a lot of offers and revised counter-offers until agreement is finally reached.

c Germans ask a lot of questions because they are keen to establish all the facts at the outset. And they can be very direct about this because, after all, they're only establishing the facts, so what's the problem? This is in stark contrast to the Chinese. However, there is one similarity between the two cultures – negotiation in both may take a long time. For the Germans no final agreement can be reached until they are in possession of all the facts. For the Chinese offers have to be bounced back and forth between opposing parties many times in order for a deal to finally emerge.

3

The main point seems to be that very little, if anything, you say to support your position is going to persuade the other party. And the more insistent you are, the more resistant they will be. The secret of being persuasive, therefore, is to uncover through questions *why* people want what they want and then try to satisfy those needs.

4

a Do you mind if I; supposing
b What's the thinking behind; here's an idea
c You're saying; a possible solution might
d how much of a priority; how about
e check I've understood you correctly; we may have an alternative
f give me an idea of; for the sake of argument

5

deferred payment = payment at a later stage

exclusivity = the right to be a company's only supplier

inventory = the goods a company has for sale at a particular time

tying up (capital) = invest money which then can't be used for anything else

stagger the payments = pay in instalments

custom-printed packaging = printed in a special way for a particular company

out of our price range = more than we wanted to pay

freight charges = transport costs

6

If, in the negotiation you have just taken part in, you focused primarily on your positions, especially regarding salary, it is unlikely you reached a mutually acceptable agreement. This is because your opening positions ($55,000 and $40,000) were very far apart.

If, on the other hand, you resisted the temptation to argue about the figures and took time to explore the reasons why the other party held the positions they did, then you would have discovered that there is actually plenty of room for an agreement. Here are some of the things you could have added into the deal to 'increase the pie'.

- There are two things that Speaker 1 wants, which it wouldn't cost Speaker 2 anything to concede: the private office and the title of 'sales manager'. Gaining status seems to be one of Speaker 1's interests. Why not satisfy it? Of course, just because it doesn't cost Speaker 2 anything to do this, doesn't mean they can't ask for a concession in return.
- Speaker 2 wants Speaker 1 to work longer hours, but Speaker 1 is looking for more paid vacation, not more work. On the other hand, Speaker 1 also wants to get a better apartment and that costs money. By moving to an apartment much nearer to the office, Speaker 1 could work longer hours without actually spending any more time away from home. That might be worth paying them slightly more for.
- Speaker 1 has been thinking of doing a Master's in psychology. But if they could be persuaded to do an MBA instead, perhaps assisted by their employer, then Speaker 2 would be getting a better-qualified sales manager for a fairly low starting salary. If they are sensible, they'll tie Speaker 1 into, say, a five-year contract to pay off the costs of the MBA. And, since Speaker 2 knows a professor at the local business school, they may even be able to get some kind of discount.
- Speaker 1 desperately wants to change their car. As luck would have it, Speaker 2 is trying to get rid of one of their cars. It's not new but it is exactly the kind of status symbol Speaker 1 might like to own. In fact, Speaker 1 has more money saved up for a car than Speaker 2 would be prepared to take for theirs, so they may even be able to do better than expected.
- Speaker 2's main problem is financial worries and these obviously affect virtually everything in the negotiation. How can Speaker 1 help them with that? Well, they do have a brother-in-law who's a financial consultant. They may not like him very much, but he does seem to be very successful.

- The health of Speaker 1's dog may not seem like a major issue in a salary negotiation, but it matters to them. Since Speaker 2's partner is a vet, it must be possible to have them do the dog's operation for a lot less than vets usually charge. This would be another way of getting Speaker 1 to accept a lower salary. And it has the advantage of being another emotional 'hot button' Speaker 2 can press.

All in all, there is sufficient overlap between the interests of the two negotiators for them to get most of what they want.

7A The bargaining zone

1

Over the last 30 years, 'win–win' or 'mutual gain' (the so-called 'Harvard method') has become the standard approach to negotiation – particularly in Europe and North America. Very simply, the idea is that both sides must come away from the negotiating table feeling reasonably satisfied with what they've gained. This is felt to be especially important in ongoing business relationships. However, some negotiation experts consider this to be an idealistic view. And a number of them propose a tougher 'hardball' approach, which, whilst avoiding direct conflict, employs more pressure tactics to make sure you get exactly what you want.

2

a The Thai, who is thinking longer term, seems to favour a win–win approach. The Russian, who seems more interested in immediately measurable gains, leans towards win–lose.

3

a variables
b package
c give-and-take
d trade-off
e a wipeout
f two-way flow of concessions

4

b Because they may not value different variables equally. You may care about getting a 5% discount more than I care about giving it. I may care more about you covering transportation costs than you care about doing so. We can trade these two concessions and both come away happy.
c Yes. Even if what you're offering is something very small, you may as well ask for something (probably equally small) in return. The worst that can happen is that your counter-demand will be rejected and you're no worse off. But it might be accepted!

6

a unit price
b delivery times
c volume business
d after-sales service
e spare parts
f free maintenance
g payment terms
h exclusivity clause
i discount price
j customised packaging
k repeat order
l transportation costs
m penalty clause
n interest-free credit
o 12-month guarantee
p exchange rate fluctuations

7

a **cover:** transportation costs, exchange rate fluctuations
b **quote:** unit price, discount price
c **offer:** after-sales service, spare parts, free maintenance, payment terms, 12-month guarantee
d **provide:** after-sales service, spare parts, free maintenance
e **enforce:** exclusivity clause, penalty clause
f **require:** after-sales service, spare parts, free maintenance, exclusivity clause, customised packaging, interest-free credit, 12-month guarantee

8

Extract 1: k (repeat order), i (discount price)

Extract 2: b (delivery times), m (penalty clause)

Extract 3: a (unit price), n (interest-free credit)

Extract 4: l (transportation costs), c (volume business)

Extract 5: j (customised packaging), p (exchange rate fluctuations)

Extract 6: o (12-month guarantee), f (free maintenance)

Extract 7: g (payment terms), d (after-sales service)

Extract 8: h (exclusivity clause), e (spare parts)

9

a If you covered transportation costs, we'd consider placing a bulk order.
b Include after-sales service and you've got yourself a deal.
c No interest-free credit, no deal.
d We've no objection to an exclusivity clause as long as the price is right.
e Given that you're reducing the price, we might want to increase our order.

10

We'd have no objection to an exclusivity clause as long as the price was right. We could accept the exclusivity clause only on condition that you lowered the price.

11

It's not very clever to say: 'Given that you're reducing the price, we might want to increase our order.' Your opponent has already offered to reduce their price. Why are you offering them anything in return? In return for increasing your order, you could be asking for something else!

7B The bargaining zone

2

See audio script on page 53.

3

a A great opening offer should never be accepted because, unless your opponent is a terrible negotiator, their opening offer will not be as good as their best offer. As a negotiator, you should always try to see if you can get an even better deal.
b Most negotiators feel better if they have to fight a little to get what they want. Giving them 'room to haggle' means you allow them to argue over price or other variables before you reach an agreement.
c 'The winner's curse' describes how a negotiator feels when their opponent gives in too easily and lets them 'win' – they keep wondering if they could have done even better.
d 'Buyer's remorse' is how a buyer feels when they begin to doubt if the deal they got is as good as it seemed. It's to be avoided because they may change their mind at the last minute. Many contracts these days include 'a cooling-off period', during which time the buyer can still cancel the deal and get their money back.

5

a The stallholder uses several different tactics to reach a deal. The main one she uses is to ask the customer lots of questions: is the bracelet a gift,

does his girlfriend like silver, is he on holiday? etc. This enables her to find out more about his interests and also allows her to change the subject while he's thinking about whether to buy or not. She also makes sure to emphasise the quality of the product and the bargain he's getting. Twice she uses emotion to try and persuade him: first by saying he'd better buy his girlfriend something really nice since she's missed out on the holiday; and second by suggesting that he must be joking with his offer of £80 for the bracelet as that's less than she paid for it. The second time she almost loses the customer as he seems to feel embarrassed about his low offer. So she adds another variable to the deal (the earrings) to see if she can renew his interest. As it turns out, he doesn't really want the earrings, but it breaks the deadlock over price.

b Considering that he doesn't seem very assertive, the customer actually does pretty well. He ends up getting about 30% off the price of the bracelet. We don't know what the stallholder paid for it, so it's impossible to say if he got a good deal or not, but £120 for a solid silver Victorian bracelet is not bad. His most effective tactic (conscious or not) is that he's not too obviously keen to buy and seems willing to walk away at several points in the negotiation.

c The stallholder tells the tourist what a bargain he's got and how happy his girlfriend will be with the bracelet in order to reinforce his commitment to the deal. He hasn't handed over his money yet!

6

1 d 2 f 3 a 4 g 5 b
6 c 7 e

7

	Opening point	*Target point*	*Reservation point*
Buyer	*$7*	*$10*	*$13*
Seller	*$16*	*$12*	*$10*
	Zone of Possible Agreement (ZOPA) = $10–13		

7C The bargaining zone

1

a You increase your power in a negotiation by improving your BATNA before you begin. Thoroughly research what your best options are and you'll be less dependent upon reaching a deal.

b You have an obvious BATNA here, which is to go to one of the other suppliers. And, of course, your opponent will be aware of this. However, bear in mind that the other suppliers' products are of inferior quality to the one you are currently negotiating for. Your opponent will be aware of this too. So decide in advance at what point price becomes more important than quality and you'll strengthen your BATNA.

c In this case, it looks as if you don't have a BATNA. It seems you're in a seller's market where the seller can charge what they like. But, in fact, you do have at least four options. One, you could redesign your product not to require the component you currently need. Two, you could (without infringing your supplier's patent) design a similar component yourself. Three, you could acquire your supplier. Four, you could go to your competitors and agree with them that none of you will buy your supplier's component until they price it more reasonably. Now, it's true that the first two options would take considerable time and money (they might be worth it, however, in the long term), the third might lead to a difficult hostile takeover bid and the fourth might not be strictly legal (it's almost a cartel), but it's unlikely you'd have to actually take any of these options. The simple 'threat' of doing so, would probably be enough to make your supplier reconsider.

d Subtly revealing your BATNA to the other party may put pressure on them to make more concessions, but it also risks antagonising them. No one likes to be told: 'We don't have to do a deal with you – we have other options.' Tough positional negotiators often like to make those other options clear right at the start of a negotiation: 'OK, what we want to know is: can you offer us what we want? I have to tell you some of your competitors have already said they can. But we've done business before. We wanted to give you your chance.' More collaborative negotiators may only reveal their BATNA as a last resort: 'We'd really like to reach a deal with you today, but, of course, if we have to, there are other people we could speak to.' However, if you reveal your BATNA very late in a negotiation, it might just kill the whole deal.

e If you genuinely have no BATNA, then there are just two things you can do in a negotiation. One thing you can do is bluff – simply pretend you do have a BATNA. But this is a high-risk strategy. What if your opponent 'calls your bluff' and says 'OK, I suggest you look elsewhere for a better deal'? You're going to look pretty stupid when you have to admit there is no better deal! The other thing you can do is what Jeanne Brett calls 'create value'. This means introducing new issues into the negotiation to give you more influence or 'leverage'. For example, you could make your custom more attractive to a supplier by agreeing to place regular orders for a fixed period of time in return for a bigger discount. Creating value is generally a much better idea than bluffing.

2

How did you do? Hopefully, you didn't just back down (win–lose) or settle for an unhappy compromise at $40 (lose–lose). Perhaps you wasted a lot of time and energy trying to justify your position to the other party and found that this doesn't really work either.

Ask yourself: who has more power in this negotiation? At first glance, the waiter seems to have more power. After all, they have nothing to lose, whereas the diner could lose their $50. But, look closer. The diner is actually prepared to give the waiter the standard $30 tip. So they're really only down $20 if no agreement is reached – and it's all on expenses anyway. On the other hand, the waiter is about to lose the money they badly need.

There's no easy solution because neither party has an alternative to agreement which leaves them with anything except their principles. So, in the absence of a solid BATNA, they somehow need to create value. Either negotiator could take the initiative, but perhaps the waiter should make the first move. Something like the following might work:

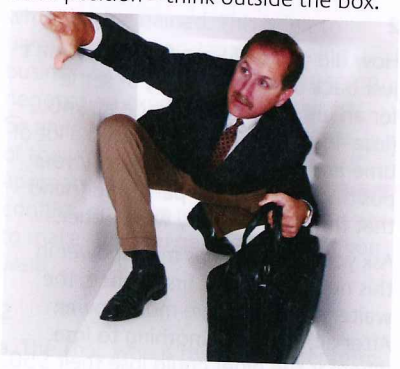
'Sir/Madam, I'm really sorry that I wasn't able to give you the first-class service you wanted this evening. When you offered me the torn fifty, I thought it was a fun challenge and I really did try to do a good job. But you see how busy it's been tonight and I'm afraid

I have to agree with you that on this occasion my service was only average. So I'm happy to accept the thirty dollars. Thank you very much ... But if you ever decide to come back to this restaurant, and I really hope you do – I'll make sure I give you the best service you've ever had. And that's a promise. Meanwhile, please accept these hand-made chocolates to go with your coffees – compliments of the house. Have a nice evening.'

This strategy ensures the waiter gets their $30, preserves everybody's self-respect, avoids any conflict and sets the diner a challenge in return. It may even prompt them to say:

'I like your style. I tell you what – here's $35, anyway. And when I do return to this restaurant, I'll expect you to live up to your promise.'

And who knows? The diner might end up becoming a regular customer. What's that worth in tips? In a negotiation, never box yourself into a fixed position – think outside the box.



3

Extract 1

a

Sterling Fleet Cars

Model: **Commute (saloon)**
Engine capacity: **1.4L / 1.6L / 1.8L**
Type: **petrol / diesel** No. units: ***15***
Terms: **lease / purchase**
Paint: **non-metallic / metallic***
Upholstery: **cloth / leather***
* extra charge

Extras (tick):
Extended warranty (60 months) ☐
Air conditioning ☑
Anti-rust sealant (Protex®) ☑
Global positioning system ☑

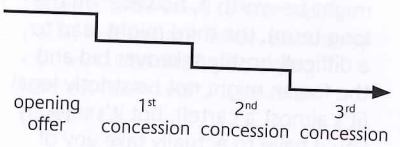
b It seems to be very effective. As the next extract shows, it pushes the salesman into conferring with his manager and coming back with a much better offer. Although it's one of the oldest tricks in the book, showing physical signs of disapproval will often elicit a concession from a seller who is anxious to sell.

Extract 2

a He agrees to include metallic paint, anti-rust sealant and air conditioning in the quoted price of £16,500.
b The main sticking point remains the price – the buyer is keen to stay within her budget.
c He reminds the buyer that she's getting a fully comprehensive 36-month warranty and very favourable terms of payment (what these are is not specifically mentioned).

Extract 3

a The final concession is smaller. The salesman agrees to provide air conditioning, not free but at cost price plus labour – probably not a big reduction, but a gesture. The salesman is not a great negotiator, but he gets this right. Good negotiators tend to make their concessions smaller as the negotiation progresses to indicate that they are getting nearer to their bottom line. The typical pattern is something like this:



b 15 x Commute 1.6L diesel saloons, non-metallic
£15,500 per vehicle inc. anti-rust sealant
Cost and labour for air conditioning and GPS
3-year fully comprehensive warranty
c Objectively, it looks like a win–lose situation in favour of the buyer, who has got the cars she wanted at only £500 more per vehicle than she wanted to pay. She's also getting several extras either free of charge or at cost. In fact, just about the only thing of significance she has conceded is the metallic paint. Of course, the dealer has sold 15 cars on these terms, so the overall deal is worth quite a lot to him. He can't be delighted with the result, but it must be better than no deal. The buyer was a tough negotiator, not afraid to ask directly for what she wanted. She also took advantage of the seller's need to keep clearing concessions with his manager. The seller, for his part, mostly failed to attach conditions to his offers. He should probably have tried to renegotiate the payment terms (which we're told are favourable) in return for reducing the unit price. Perhaps also the buyer had a stronger BATNA (go to another dealer) than the seller (find another buyer).

4

a So what **sort of price can you do me** on that?
b To be honest with you, that is **more than we were planning** to pay.
c We **were hoping for something closer to** fifteen thousand.
d But **there may be some room for manoeuvre** there.
e What **we'd be willing to do is** fit that at cost price.
f We might **be in a position to offer you** the V-Trak model.
g But **getting back to the question of** price for a moment.
h I really think we **need to see a bit more movement** there.
i What I'm **saying is: I appreciate you're including** the extras.
j But the unit price is **still somewhat out of our price range**, I'm afraid.
k Well, what **sort of figure did you have in** mind?
l Well, **there might be some flexibility there**, but not much.
m Plus, we **are offering you very favourable payment** terms.
n OK, **this is what we're prepared to** do.
o OK, so **this is what's on the table at** the moment.
p Throw **in the air-con and you've got yourself** a deal.
q I'm **afraid that really is my absolute** bottom line.
r Shall **we split the difference on the** air-con?

5

Whether or not you reached a deal depends very much on the opening and reservation points you set yourself on the major issues as well as your H.I.T. list on the more minor issues. Your target points were not very close on the main variables, so if you opened and/or set reservation points too close to these targets, you may have had problems. But if you had realistic goals, there should have been a big enough ZOPA to reach agreement.

8A Powers of persuasion

1

Over the years there have been several lists of 'the most persuasive words'. Perhaps the most famous is the so-called Yale 12, supposedly compiled by researchers at Yale University in the 1960s. The list contains the 12 words the researchers claimed had the greatest effect in advertisements: *you, money, save, new, results, health, easy, safety, love, discover(y), proven* and *guarantee(d)*. Other similar lists contain many of the same words, so maybe there's something in it! If so, here's the ultimate advertisement: 'Discover how you can save money and ensure the health and safety of those you love using our new and proven method. Results guaranteed!'

2

Dr Kevin Hogan's 'list of seven' is as follows:

Because
Requests are statistically more likely to get a positive response if there's a reason attached, even if the reason isn't a very good one. But by connecting the request to the reason with *because* you make a logical cause–effect link that people find even more difficult to refuse. In a Harvard University experiment people trying to push into a queue at the photocopier were 50% more successful when they said: 'Can I use the photocopier before you *because* I need to make some copies?'

Please
It's not called 'the magic word' for nothing! 'Please can I use the photocopier before you because I need to make some copies?'

Thanks / Thank you
It's hard to say no to someone who's thanked you for what you have just done. 'Oh, thanks so much for doing that! Now, just one more thing ... Can I use the photocopier before you because I need to make some copies?'

Now
From the time when we were kids and were told 'Go to bed ... now', this word has conditioned us to pay attention. Advertisers encourage us to 'call now' to create a sense of urgency. And when you say 'Now, let's move on to the question of insurance', you can be sure everyone has broken off what they were thinking about to think about insurance!

Imagine
This is a great word to use when you're making a suggestion or proposal because, unlike just telling people what you think or want, it creates no resistance. You're only asking them to imagine. 'Imagine you could reduce the price a little and still make as much money out of this deal.'

The other person's name
Whatever the name is of the person you're negotiating with, that name is a powerfully persuasive word ... for them! But be careful. Research shows that if you over-use it, you'll start to sound false and manipulative. The ideal is to use their name at the very beginning and very end of your conversation to reinforce the relationship.

Any word or words that suggest the other person has control
People are afraid of losing control in negotiations. So any words or phrases that make them feel they remain in control will reassure and persuade them. Examples include: 'It's up to you', 'It's your choice', 'Which would you prefer?', 'If that's OK with you' or simply 'OK?'

3 *Suggested answers and audio script*

a Ian: **Now**, we really need to finalise the terms of this deal today, **if that's OK with you, Sonia.**
b Sonia: **Please** understand that we don't normally offer free maintenance.
c Ian: **Sonia**, could you extend the credit period to ninety days **because** that would really help our cash flow?
d Sonia: **Now**, you can have whichever option you prefer. **It's up to you.**
e Ian: OK, so you're giving us the ninety days' credit. **Thank you. Now**, can we look at installation?
f Sonia: **Imagine**: what you'll be getting with this system, **Ian**, is complete peace of mind.
g Ian: Can I get back to you on that **because** I need to clear it with the boss first? **OK?**

4

1 c 2 d 3 b 4 a

5

the boss: probably motivation and/or flattery depending on the size of their ego!

a subordinate: all of them, but don't overdo the threats

a peer: motivation, flattery (and emotional pressure if you know them well)

a key customer: motivation is the ideal

7

The key phrase here is 'both sides *feel* powerful'. There will almost always be an actual power difference, but It's important for no one to feel disempowered. The most effective way to increase your power is to show the other person what they'll gain if they accept your proposal. You need to raise the stakes for them too. You need to let them know what's known in negotiation circles as WIIFM – what's in it for me?

8 *Answers and audio script*

a I do think this is going to be extremely difficult to agree to.
b We have made some real progress this morning.
c It is absolutely crucial that we reach some kind of agreement on this today.
d I do have some serious concerns about meeting these deadlines.
e We simply cannot afford to have any more delays.
f We are hoping for some significant movement on price.
g I am in a position to make you a substantially better offer.
h We really did expect much more flexibility on this.
i I did just want to give you a thorough breakdown of the key figures.

9

It's no accident that the intensifiers and auxiliary verbs are emphasised in the more forceful versions.

10 *Answers and audio script*

a Shouldn't we try to agree on a basic price first?
b Wouldn't it be a good idea to come back to this later?
c Couldn't we be missing a real opportunity here?
d Wouldn't you be better opting for deferred payment?
e Isn't there an enormous amount of risk involved?
f Don't we have to meet each other halfway on this?
g Wouldn't it be a shame if we couldn't find a compromise?

11

Speaker 1: The question for you is: did you get Speaker 2 to stand in for you at the Munich conference without annoying your boss, Speaker 4? And how many concessions did you have to make to achieve that result? Asking favours and explaining last-minute

changes to superiors are pretty difficult, so well done if you got what you wanted without losing status or taking on a lot more work in return for the favour you asked.

Speaker 2: The question for you is: did you avoid adding to the mountain of work you already have without damaging your working relationship with either Speaker 1 or your assistant, Speaker 3? And if you did end up taking on more work, what did you manage to get in return? Resisting emotional pressure and offloading work onto others are pretty difficult, so well done if you made your overall workload lighter without upsetting your colleagues.

Speaker 3: The question for you is: did you get a definite assurance that you'd receive the training you need without upsetting your line manager, Speaker 2, or annoying the head of department, Speaker 4? Negotiating from a position of lower status is pretty difficult, so well done if you negotiated a more manageable workload and time off for training without looking as if you were going over your line manager's head to the big boss!

Speaker 4: The question for you is: are you satisfied that the Munich conference is going to be a success this year and did you listen to your subordinates' requests without getting too side-tracked from that goal? And what compromises did you have to make in the process? Negotiating from a position of power is not as easy as it looks, so well done if you got all the assurances you need without looking as if you were bullying or coercing your colleagues.

Of course, the above notes relate to a business culture in which there is a fairly defined corporate hierarchy, but where people at different levels in the company can communicate quite openly. Some cultures are more or less direct and egalitarian than this.

8B Powers of persuasion

1

Some people may be naturally persuasive, but, if so, it's probably because they instinctively apply a special set of techniques which we can all learn to use. Research shows we are not as rational in our decision-making as we believe. And with so many decisions to make, we follow predictable patterns, which can be influenced by those who know how.

How persuasive are you? Find out by taking the interactive Yes! Test at www.myyesscore.com

3 *Suggested answers*

Principle 1 Reciprocity: If I give you something (even if you didn't ask for it and don't really want it), you're still more likely to give me something in return.

Principle 2 Scarcity: You're more likely to want something if the supply is limited and/or the demand is high than if it isn't.

Principle 3 Authority: You will be more influenced by me if I have authority or can quote people in authority who support my claims.

Principle 4 Consistency: People prefer to be consistent with their commitments, especially those made actively and publicly.

Principle 5: Consensus: If large numbers of people act in a certain way or hold a particular belief, you are more likely to do or feel the same.

Principle 6 Liking: I am more likely to be able to persuade you if you like me.

5

There's really no principle of persuasion that is going to be consistently more effective than the others, as it largely depends on the context in which you're negotiating.

6

a 2	b 4	c 3	d 1	e 2
f 5	g 1	h 5	i 3	j 6

8

1 c

We know how important liking is in influencing people, so the two things you have in common are a real gift. However, don't overdo it in the opening minutes. You're not on a blind date! On the other hand, don't miss the opportunity to make a personal connection early on before you get into the negotiation. It's too late to mention it as you leave. The business school reference is more professional to begin with. Leave the tennis till you've done the business.

2 a

They've already had to negotiate hard to get the 15% discount you've given them. Don't make it look as if you're trying to win back some of that money. Listing the benefits of the extended guarantee is too hard-sell. In general, people are much more persuaded by what they stand to lose than what they stand to gain.

3 b

Psychologically it's always best to lead with your top-of-the-range product and then gradually work your way down the options ending with the cheapest. It's much better to gain a lot of customer interest, meet price resistance and then downshift to a cheaper option than it is to gain less interest, still meet some price resistance and then have to downshift even further, leaving your premium product out of consideration altogether! And if you start out with the most expensive option, by contrast all the later options will seem cheaper.

4 c

Criticising the competition is always risky. It may work if your evidence is conclusive, but it's more likely to make you look biased and untrustworthy – a sure way to lose authority and influence. Introducing a cheaper model of coffee machine is simply giving in to customer resistance and may start a price war with your competitors. Introducing a more expensive product, on the other hand, not only places you at the top end of the market, it actually makes your old product look good value by comparison. Many companies have found launching a new product increases sales of all their old products too.

5 b

People generally prefer to be given a choice. If you present just one option, they'll feel obliged as negotiators to find some kind of fault with it. If you give them three, they can exercise their need to reject two of them. However, study after study has proven that if you give them too many options, they will be unable to decide and be more likely to reject them all in favour of their own counter-proposal.

6 c

Don't be in too much of a hurry to get them to quote you a price. You may feel if their prices are too high, you'll be wasting your time, but you won't. They're probably trying to work out what kind of price you're expecting before committing themselves. If you rush them into giving you a price and it's high, it will be hard for them to reduce it without seeming inconsistent. Ask lots of questions, react sceptically to a few of their proposals and see if you can get that opening quote lower.

7 b

Options a and c amount to the same thing – if they spend $1,000 they get a free night in one of your hotels. From the customer's point of view getting more points isn't going to make much difference. Financially speaking, option b is actually the best option for you and the worst for your customer because they'll have to spend $1,100 to get the free room. But it's the option you should choose. Why? Because, apart from earning the extra $100, the customer will be motivated to start using your hotel and get the initial 4 points. Loyalty programmes should always begin with a welcome bonus.

8 b

The amended copy looks sloppy. The print-out, whilst perfectly professional, looks like just another standardised document. The hand-written estimate – on quality headed notepaper, of course, and legibly written – creates a more personal touch, which is perhaps especially important in the Middle East. It also suggests that time and effort were taken over it.

9 a

The research is very clear on this. When you do someone a favour, they are most grateful at the time you do it but their gratitude diminishes over time. As the favour-doer, your estimation of the value of the favour actually goes up. You should hold the meeting with your client while they still feel in your debt. But try not to pressure them by mentioning the favour or you may turn gratitude into resentment.

10 c

Scheduling another meeting may seem sensible in the circumstances, but unless tiredness is the only barrier to agreement, it's likely to result in a repeat of the negotiation you've just had. Sleep deprivation has actually been scientifically proven to make people more receptive to arguments, but also more aggressive. In one study, however, strong coffee made people 30% more receptive to strong arguments, though no more receptive to weak ones. So if you're sure of your case, go for the caffeine fix!

If you scored 9–10 on the quiz, you're an official genius amongst influencers!

If you scored 7–8, you're not quite a genius, but still a master persuader.

If you scored 5–6, you're above average at moving people in the direction you want.

If you scored 3–4, you need to start getting your own way more often.

If you scored 0–2, you won't be too disappointed with your result, because you probably never get what you want!

8C Powers of persuasion

2

If building trust and developing a long-term relationship with your negotiating partner are important to you, then none of these behaviours is to be recommended. But bear in mind that in many business deals win–win is more of an aspiration than a reality. For some people the need to feel you have won at your opponent's expense is strong and, when facing these people across the negotiating table, expect to have some questionable tactics used against you.

4

a Good cop – bad cop: one negotiator takes an antagonistic role while the other appears to be much more reasonable. It's important to realise that both the 'good cop' and 'bad cop' are working together to get what they want from you. The 'bad cop' is hoping they'll get you to lose confidence in your position or lose control and reveal information you shouldn't. The 'good cop' is hoping you'll make concessions to them to avoid dealing with their partner. The best response is to ignore the 'bad cop' and resist getting too friendly with the 'good cop'. Stay objective.

b Shock opener: your opponent opens with an offer that is very far away from what you were expecting. As a buyer, for example, they will offer you much less than you're asking in the hope of making you question your price. They will often do this after having shown a lot of interest in what you're selling, so that you are taken by surprise and find it hard to hide your disappointment. Do not ridicule their offer, but reject it firmly and suggest they reconsider their bid before holding another meeting.

c Strictly off limits: your opponent claims that a particular issue is simply not negotiable. They may make all sorts of excuses for why this is the case, sometimes just stating that 'it's company policy'. If you accept this, you'll be losing one variable in the negotiating process, so take the position that everything is (and must be) negotiable. If they tell you 7% is the maximum discount they offer, ask them if they'd offer 10% if you increased your order by a factor of a hundred! When they say: 'Would you really order a hundred times more units for 10%?', say: 'No, of course not, but I'm just trying to establish how non-negotiable the discount is.'

d Slice the salami: this is when your opponent tries to get you to agree on each point one at a time. This means that you can never go back to renegotiate an earlier point if a later point doesn't go your way. Insist that all proposals are on the table before *anything* is agreed.

e Last-minute demand: your opponent makes another (sometimes fairly small) demand just before you finalise the deal. The psychology here is that you'll accept it because in your mind the deal is done and you don't want to lose it now. But if you don't want to blow the deal over a minor issue, neither will they. So, unless the concession means nothing to you, say no or ask for something in return.

f Message from God: your opponent consults their superior late in the negotiation, after you've already made several concessions, and tells you they now have to withdraw one of the concessions they made. Tell them you assumed they were the decision-maker in this negotiation, but as this is apparently not the case, you should probably recommence negotiations with their boss instead – right from the beginning!

g Once in a lifetime: here your opponent expresses their disbelief that you won't accept what must be the most generous offer they've ever made. They try to make you worry that your boss may be annoyed when they find out just what a great deal you rejected. This is quite a powerful tactic if used on a less experienced negotiator. But, if you have not met reservation points, do not fall for this trick.

h Excuse my English: your opponent pretends that because English is a foreign language for them, they misunderstood what you said. Of course, the misunderstanding is always to their advantage! A useful tactic if you are a non-native speaker yourself – as long as you don't overuse it!

i Take it or leave it: your opponent gives the impression that if you say no, the negotiation is over. This is a tough tactic, which is usually (but not always!) a bluff. Often your opponent will attach a time limit to your response: 'I can't hold the offer', 'I must have an answer today', 'The first person to say yes gets the business', etc. Never give in to time pressure.

In general, when faced with tough talk from the other side, you've got seven options: (1) you can retaliate with tough talk of your own, (2) you can ignore it and carry on negotiating, (3) you can make them restate their position, (4) you can ask for a break, (5) you can change the subject, (6) you can let them know you know exactly what they are trying to do, and (7) you can suggest an alternative that's better for both of you.

5

1 g 2 c 3 a 4 i 5 d
6 j 7 b 8 e 9 f 10 h

6 *Suggested responses*

1 Can we settle these issues one at a time?
▶ *Well, let's just see what's on the table first, shall we?*

2 I'm afraid I'm working within a fixed budget.
▶ *OK, well that does, of course, limit what we can offer. How fixed is it?*

3 It's company policy to insist on ninety days' credit.
▶ *I see. And what's the reasoning behind that?*

4 I'll have to clear this with the boss.
▶ *Ah, I thought you had authority on that. Perhaps I should speak to your boss.*

5 We've already been offered a better deal.
▶ *Really? You surprise me. I'd be interested to see what you've been quoted.*

6 I can't believe you're turning this down!
▶ *Well, hopefully we won't have to. Let's look at the figures again.*

7 It must be my English – I thought we were sharing transport costs.
▶ *Oh, your English is excellent. Now, let me read back to you what we agreed.*

8 I have to have your answer today.
▶ *I'm sorry, I do need some time to consider. It's a shame tomorrow's too late.*

9 You're not going to blow this deal over half a percent, surely!
▶ *Of course not. And neither, I'm sure, are you. We'll meet you halfway.*

10 Double the discount and I'll make you our regular supplier.
▶ *Well, now, if you contracted us as your sole supplier, I'd be happy to look at discounts again.*

11 I can't believe after-sales service is not included!
▶ *Actually, I don't think you'll find a supplier of comparable quality who does include it.*

12 Let you and me sort this out before my partner gets back.
▶ *Perhaps we should wait. We wouldn't want any misunderstandings later.*

13 Oh, I'm sorry – I thought you said fifty not fifteen!
▶ *Well, they do sound similar, but fifty would obviously be unrealistic.*

14 I just got a message from head office – they want free delivery.
▶ *Well, I might be able to be flexible there – but only on one condition ...*

15 So it's take it or leave it.
▶ *In that case, I'm afraid I'm going to have to leave it. Pity.*

16 One last thing – can you cover installation costs?
▶ *Ah, I thought we were done. Well, now, if we were going to renegotiate those, I think we'd have to look at some of the other issues again too.*

9A Handling breakdowns

1

a Without some disagreement there's nothing to negotiate! So, if you want to persuade the other side to satisfy your interests, you're going to have to pass through a disagreement stage to get there. And, in one sense, the more areas of disagreement there are, the more options you should be able to generate.

b Disagreeing is inevitable in negotiation, but you don't have to be disagreeable about it. A positive atmosphere can be achieved by carefully wording what you say.

2 *Suggested answers*

i e b a c d f h g

Notice that, in general, the more diplomatic expressions are longer and more grammatically complex – but not always. Another alternative to direct disagreement is to make a suggestion in response, e.g. *How about this instead?* Sarcasm, e.g. *Do we look stupid or something?*, is usually the most disagreeable approach.

3

Tone of voice is extremely important. A polite expression said in the wrong way can easily sound sarcastic – and the more polite it is, the more sarcastic it can sound! On the other hand, even a fairly direct expression, such as 'No way', if said apologetically, rather than aggressively, can be very effective, especially if prefaced with a 'Sorry, but'.

4

a The concept of 'face' is connected with a person's sense of dignity or self-respect, so that, even in situations where there is conflict, the disagreement never becomes explicit or personal.

b She says it confuses the issues (especially for non-native speakers) and wastes time.

c He says that diplomatic language is just another way of saying the same thing. The message doesn't actually change, but some cultures prefer to speak this way and, once you've learned how to crack the code, everything becomes clear.

5 *Answers and audio script*

a We might have a slight problem with that.
b There could be a small surcharge.
c This would still be a little out of our price range.
d That may be rather difficult to get approval for.
e This would be pretty much essential for us.

6 *Answers and audio script*

a With respect, this is not very helpful.
b To be honest, we're not altogether happy with this arrangement.
c I'm sorry, but you're not being sufficiently flexible.
d Unfortunately, this is not exactly what we're looking for.
e I'm afraid we're not entirely in agreement with you on that.

7 *Answers and audio script*

a It looks like we're unable to reach agreement at this stage.
b Unfortunately, we're not able to provide that at this time.

c I'm afraid I'm not authorised to increase our offer at present.
d Sorry, but we're not in a position to compromise on that at the moment.

8 *Answers and audio script*

a We were assuming this would be acceptable to you.
b We were wondering how you'd feel about sharing transport costs.
c We were thinking you might be prepared to look at this again.
d We had been hoping to iron out some of the details with you.
e We had been planning to finalise things this morning.

9 *Answers and audio script*

a We were told you were interested.
b We were assured there'd be absolutely no delays.
c We were guaranteed that we'd be protected by a price cap.
d We were promised that we'd be given priority on this.
e We were led to believe that we'd be made your sole supplier.

10 *Answers and audio script*

a I'm sorry, but you don't seem to understand.
b You don't seem to be satisfied with the concessions we've made so far.
c We don't appear to be making much progress, do we?

11

Suggested answers

1 That's absolutely impossible!
▶ *I'm afraid that might not be possible at this stage.*
2 We're going to have a problem with that!
▶ *We may have a bit of a problem with that.*
3 We're unhappy with this arrangement!
▶ *I'm sorry but we're not entirely happy with this arrangement.*
4 We can't go any higher than six percent!
▶ *Unfortunately, we'd be unable to go any higher than six percent.*
5 This is still too expensive!
▶ *I'm afraid this is still rather too expensive.*
6 We can't go any further!
▶ *I don't think we can go much further at this stage.*
7 You'll have to pay more if you want that!
▶ *You would have to pay a little more if you wanted that.*
8 You promised us same-day delivery!
▶ *I believe we were promised same-day delivery.*
9 There'll be an extra charge for that!
▶ *There would have to be an extra charge for that.*
10 You don't understand!
▶ *With respect, you don't quite seem to understand.*
11 We aimed to make more progress than this!
▶ *We were aiming to make a little more progress than this.*
12 We reject your offer!
▶ *Unfortunately, we'd be unable to accept your offer.*
13 That's completely unrealistic!
▶ *Isn't that a bit unrealistic?*
14 That's totally impractical!
▶ *That might not be very practical.*
15 You told us there would be a discount!
▶ *We understood that there would be a discount.*
16 No!
▶ *I'm afraid not.*
17 This isn't what we're looking for!
▶ *I'm afraid this isn't quite what we're looking for.*
18 We won't accept less than seventeen dollars per unit!
▶ *We're not in a position to accept less than seventeen dollars per unit.*
19 You're joking!
▶ *Surely you're not serious.*
20 You're being totally inflexible about this!
▶ *Couldn't you be just a little more flexible on this?*
21 That's a bad idea!
▶ *I'm not sure that's a very good idea.*
22 We need a commitment from you today!
▶ *We would prefer a commitment from you today.*
23 This doesn't meet our needs!
▶ *To be honest, this doesn't quite meet our needs.*
24 We can get a better deal elsewhere!
▶ *With respect, I think we may be able to get a better deal elsewhere.*
25 This won't help!
▶ *I'm not sure this would help very much.*
26 We're getting nowhere!
▶ *We don't seem to be getting very far, do we?*

9B Handling breakdowns

1

Regular time-outs are essential during a negotiation of any length, even if there's no real conflict. They give negotiators time to recharge their batteries, reflect on how things are progressing and, in team negotiations, to confer with the other members of their team. What William Ury calls 'climbing onto a balcony' is a more elaborate process for dealing with serious breakdowns. It involves refusing to react to the situation by striking back at your opponent, giving in to them or breaking off the negotiations. And, by buying time to reconsider your alternative to reaching an agreement (BATNA) and identifying the interests of both sides, you turn a deadlock into a problem-solving session. Perhaps the one time *not* to call a time-out is when you are very close to finalising a deal.

2

There are several morals. One is the wisdom of bringing in a mediator when the situation seems hopeless. Another is that by adding just one extra variable to the deal (another camel), you can sometimes break the deadlock.

3

1 g 2 c 3 h 4 a 5 b 6 i
7 d 8 f 9 e

4

Summing up is usually a very good idea when talks break down. It helps clarify the situation for both sides and if there have been misunderstandings, clearing them up may push the negotiations forward. But make sure you take a break after the summary to avoid launching into the same disagreements you've just had!

Identifying the key problem, if there is one, can help put the other problems into perspective. Either spend time trying to solve this or **move on** from it if it's holding things up. But do not let a major difference remain unresolved for too long. If you come back to it right at the end of the negotiation and find you still can't sort it out, you'll have wasted a lot of time and created a good deal of frustration!

Changing perspective or **introducing a new variable** into the negotiation is often an excellent strategy. What you've been doing so far hasn't worked and if you keep doing it, you'll get the same result. Just remember that

you don't want a deal 'at all costs'. So consider what your BATNA is before taking the initiative. When your opponent refuses to move on any of the variables you've been discussing (stonewalling), you can sometimes get things moving again by referring to **future business** you may be able to do with them if all goes well this time. Avoid suggesting you're negotiating a one-off deal, even if it will probably turn out that way.

Compromises and **trade-offs** can be helpful when negotiations stall. A trade-off is usually preferable because you get something you want in return for something you don't mind conceding. But be careful with compromises. Do you really want to split the difference on installation costs? If you have prepared for this concession, it may be a way to get the deal you want. But be careful you and your opponent don't both end up with something you *don't* want.

Mediation is a possible option in negotiations which are not about business deals but about dispute resolution. However, they are usually a last resort before litigation.

5

Arsuaga's advice reminds us that if you corner your opponent like a rat with no means of escape, then they'll have no choice but to attack you. So always make sure they can leave the negotiating table with their self-respect intact. Who knows whether you'll need to do business with them again someday?

Sun Tzu's advice is similar, but goes one step further. You don't just want your opponent not to lose face when negotiations break down. You want to make it easy for them to back down and make concessions, but still feel good about themselves.

Herold's advice is more straightforward – never lose your temper. If you can't get a better deal elsewhere, you're going to look pretty silly when you have to go back to the person you blew up at!

6

a Wrong. The negotiator here is putting words into her opponent's mouth instead of trying to keep her options open. By insisting that the other negotiator is being inflexible, she now has to remain inflexible or risk looking weak. She didn't sound too sure it was a final offer at first. Now she does, and she's killed the deal.

b Right. Here the negotiator is reframing her opponent's objection so that what he's objecting to looks like a gain for him not a loss. She's also linking variables – a very good move. By linking the loss of accepting a lower fee this time to the payment in advance and future business, she embeds a negative in an overall positive – and saves the deal.

c Wrong. The negotiator is trying to score points by pointing out an inconsistency in her opponent's position. This is extremely counter-productive. He's moving in the direction she wants by agreeing to stretch his budget, so what on earth is she doing? If she succeeds in embarrassing him, he may well reverse his decision – a deal-breaker.

d Right. This is an excellent example of successful manipulation. The negotiator clearly feels her boss or colleague will prefer to outsource video production. The long-term investment in equipment is hard to sell when money can immediately be saved by bringing in outsiders. But by appearing to recommend outsourcing, whilst suggesting that, given the right equipment, the in-house media team can probably do as good a job, she leads the boss or colleague towards the realisation that, since they want to make videos in the future, the investment makes sense. The crucial thing is: he thinks it's his idea. And that makes all the difference!

e Wrong. This is a classic case of slamming the door and then having to go back in! The negotiator aggressively rejects her opponent's offer and then, after the phone call from a colleague or boss, has to go back to the negotiating table with her credibility completely undermined. She may get a deal, but it will almost certainly be a lot worse than she could have got if she'd kept her cool.

7

Negotiation 1: The subcontract

The important thing here is to fix the problem with the faulty goods whilst preserving the business relationship between the two companies. It is especially important that the Taiwanese negotiator is not made to lose face, and accusations on both sides should be kept to a minimum. A proper investigation of both Lextra's product designs and the manufacturing methods at SunCo's subcontractors should be launched so that some objective data can be obtained. Appropriate action can then be taken. It's probably impractical to expect SunCo to bring all manufacturing in-house unless Lextra is prepared to accept higher costs, but perhaps SunCo's prices do need to be renegotiated. A quality officer from Lextra could also be sent out to oversee production at SunCo.

Negotiation 2: The bad debt

GTC and Mirage clearly have a strong need to continue to do business together as neither company has a sufficiently strong BATNA to walk away from their current arrangement. GTC needs to be paid and soon. Mirage needs to ramp up production to survive and for that it needs supplies from GTC. Referring to past late payments and threatening litigation almost certainly won't help. As Mirage seems to be in an even more desperate position than GTC, it should probably be the one to make some kind of concession and it may have to delay payment to less crucial suppliers in order to pay off at least some of its debt to GTC. Alternatively, it could either offer GTC a stake in Mirage (but with short-term cash-flow problems of its own, GTC may not be so keen on this) or even offer to acquire GTC (if it can find the funds in its present financial situation). At the very least, a detailed payment plan needs to be worked out that both sides can live with.

Negotiation 3: The reorganisation programme

The main problem here has been the lack of communication and consultation between the new American management and the research team in Basel. There has also been a certain amount of cultural insensitivity with a highly meritocratic, Anglophone business culture imposing its decisions on a more hierarchical, German-speaking culture. To avoid a 'brain-drain' of its best R&D staff, a solution needs to be found. The first thing to do is to set up some kind of regular meetings between senior management and R&D. And members of staff who are particularly dissatisfied may need to be spoken to individually. Language instruction in both German and English needs to be

provided with the aim of making all personnel competent in the two official company languages. Staff whose lack of language skills prevents their promotion should be rewarded in some other way. The American director of research may have to be sacrificed if he can't improve his German, to preserve team morale.

10 Closing the deal

4

a point + summarise
b go + purchase
c settled + price
d agreed + care
e supply + information
f details + work
g arrange + meeting
h talked + detail
i question + clarified
j fix + appointment
k report + goes
l put + writing
m meeting + worked
n everything + add
o case + end

5

Deal 1

Suggested answer and audio script

Speaker 1: OK, so, if I could just summarise what we've decided. We've agreed to the purchase of Chatcast Internet Radio and settled on a final price of eight million dollars. As agreed, you'll stay on as CEO for a period of two years, at the end of which your contract will be renewable. We've also agreed to transfer to you one million dollars of equity in the parent company NBB. Apart from that, the details of your remuneration package as CEO remain to be clarified. So far we haven't talked in any detail about key staff changes we might want to make. So, obviously, we'll need to arrange a follow-up meeting. And by the time of that meeting, we'll also have made a final decision on any programming changes we'd like to see. Now, does that cover everything or is there anything else you'd like to add?

Speaker 2: No, that's fine.

Speaker 1: Well, in that case, I suggest we end it there.

Deal 2

Suggested answer and audio script

Speaker 1: Right, let's just summarise what we've decided. We've agreed to a seven-year lease of one thousand metres of office space at Melbourne Tower and we've settled on a rent of ten thousand euros a month with three months' rent as a deposit. We've also agreed to pay service charges of three hundred euros a month. As yet, we haven't talked in any detail about the possible need for planning permission for any changes we may wish to make to the property. So we'll need to arrange a follow-up meeting to discuss that. You'll also supply us with a quote for building and contents insurance by the time of our next meeting. In addition, the question of liability for internal and external repairs remains to be clarified. Now, does that cover everything or is there something we've missed?

Speaker 2: No.

Speaker 1: No?

Speaker 2: I think that's everything.

Speaker 1: All right. Let's call it a day.

6

Suggested answer and audio script

OK, so with this deal what you're getting is thirty percent off the list price with our maximum bulk order discount. This means you'll also be taking advantage of our free delivery service. And this represents a substantial saving to you. We've made special provision for the model you're buying to be fully customisable. This will enable you to adapt the product to suit your specific needs. And, of course, it comes in a range of colours as you require. Now, you're also going to be benefiting from an automatic six-monthly upgrade. You're getting permanent access to an online tutorial as well as extra software bundled with the product. Moreover, you're getting very favourable payment terms with 90 days' interest-free credit and an extended 36-month guarantee. All in all, you've got yourself a great deal!

Additional materials

1A Preparing to negotiate

Note: You can download a bigger version of this game board from the website: www.cambridge.org/elt/internationalnegotiations

8 THE GAMBIT GAME

Gambits are useful expressions that move the conversation forward. Take turns to move around the game board. Throw two dice – the first to move across the board from the top left-hand corner and the second to move down. When you land on a gambit square, you have 10 seconds to decide at which stage of a negotiation this would most likely be said, referring to the flowchart on page 6. You score one point for a correct answer and nothing for a wrong one. If you land on a picture square, you win or lose extra points. Stop the game after 15 minutes.

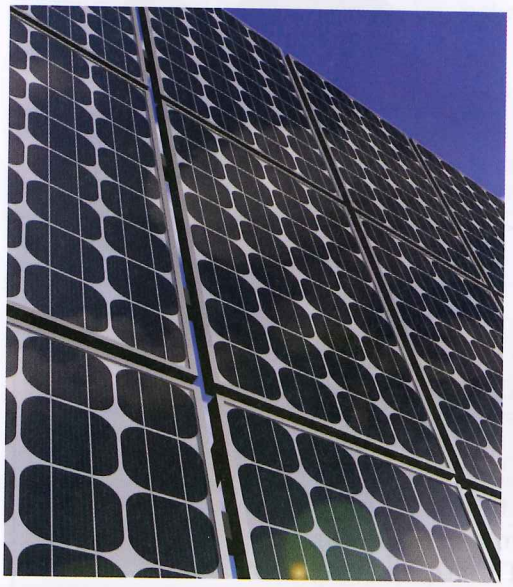
ONE	TWO	THREE	FOUR	FIVE	SIX	
GET A NO! (LOSE 4 points)	I think we could only accept this on one condition. Which is?	Could I just ask why this is such a priority for you? Well, it's really just a matter of company procedure.	If we agreed to that, would you be willing to move on price? Well, let's look at the figures again.	Let's take a break and meet back here in, say, half an hour? Good idea. Let's do that.	Can we first of all agree on our objectives for today? Well, there are several things we'd like to achieve.	ONE
I think we may be able to be flexible on that. Well, how flexible could you be?	Perhaps we could begin by outlining our initial position. Yes, of course. Go ahead.	Welcome. We're looking forward to a productive meeting. Thank you. It's a pleasure to be here.	**GET A YES!** (WIN 2 points)	OK, great. I think we're almost there. Yes, there are just a few loose ends to tie up.	OK, could I just make a suggestion here? Please do – we really need to settle this issue.	TWO
We must make sure you get to see something of the city while you're here. That would be great. Thanks!	**GET A NO!** (LOSE 2 points)	Let me just be quite clear I understand you correctly. Sure. What is it you'd like to clarify?	If we made that a regular order, would you be prepared to lower the price? It depends.	Perhaps we could also look more closely at patents. Certainly, I'll add that to the agenda.	OK, let me just get this straight. Five percent is as high as you can go? Yes, I'm afraid so.	THREE
Include free upgrades and you've got yourself a deal. OK, I think we can probably manage that.	Well, here's to a successful partnership! Yes, cheers!	Delighted to meet you at last! Likewise. It's nice to put a face to the voice.	Our key interest in this negotiation is to find the cheapest solution. So, cost is your main concern?	**GET A YES!** (WIN 2 points)	Could I also suggest we allocate some time to the question of exclusivity? Certainly.	FOUR
Can you give me a rough idea of when you'd need confirmation? Well, within the next six weeks if possible.	OK, having taken some time to think this over, we'd like to offer an alternative. We're open to suggestions.	**GET A NO!** (LOSE 2 points)	We were hoping for something closer to three euros per unit. There may be some room for manoeuvre.	Is there a reason why you need 90 days' credit? Well, as you know, cash flow is a problem for us.	So what's your initial reaction to our proposal? Well, broadly positive.	FIVE
To be honest, we'd like to see some movement on price. I'm afraid that really is my bottom line.	First of all, let me say we're very interested in building a long-term relationship. That's our position too.	So, I think we should now decide the order in which we'd like to discuss the issues. By all means.	A pleasure doing business with you! And you! We'll be in touch with all the papers.	Correct me if I'm wrong, but are you saying you cannot meet this deadline? No, that's not what we're saying.	**GET A YES!** (WIN 4 points)	SIX

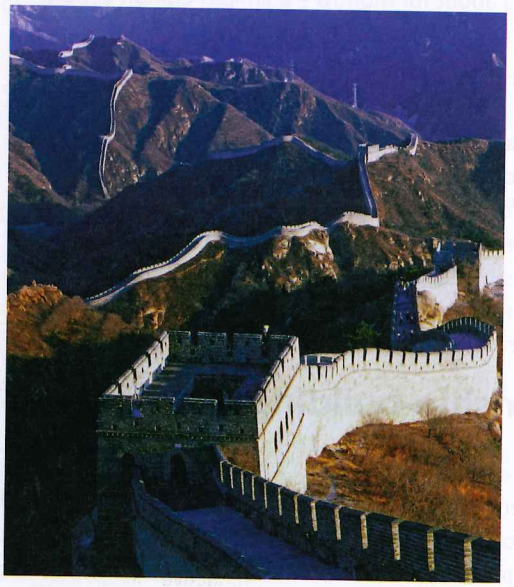
1B Preparing to negotiate

7 THE DREAM TEAM

You are the senior management of multinational solar energy company, SunSource, based in Miami and with offices throughout the Americas, Europe and Asia. You are currently bidding for a large contract with the state-run North China Electric Power Company to build solar-thermal energy plants using your own proprietary technology: SolFlex™.

First read a short brief on how to negotiate in China.





The Chinese place a lot of emphasis on politeness and protocol, but they tend to be rather more direct than, for example, the Japanese. Indeed, they can be pretty hard bargainers! The Chinese are very aware of the attractiveness of their market and can initially be cautious about doing business with Westerners. When it comes to contracts, they will expect a certain amount of flexibility – give and take being all part of a complex system of business relationships known as *guanxi*. Although there is a 'glass ceiling', as almost everywhere else, women increasingly rise to high-ranking positions of power within companies. Younger executives, however, may find themselves at a disadvantage when working with the more conservative state-run industries. The Confucian sense of hierarchy accords greatest respect to more senior business people, although these will often take a back seat in negotiations. Language is often a barrier.

Taking into account the cultural background and personal profiles of the key members of your staff, it's your job to put together what you think will be the most effective negotiating team for your forthcoming meeting in Beijing. Roles you could consider allocating include:

chief negotiator decision-maker facilitator ideas-generator
note-taker number-cruncher observer technical expert

But you can eliminate or double up roles if necessary. The maximum number of people in the team is five. To study the profiles of potential team members (all of whom are functionally fluent in English) one of you should turn to page 87 and the other to page 103.

2A Relationship-building

2 **Speakers 1 and 2**

You are both incredibly busy people whose demanding jobs keep you from spending as much time as you'd like with your families. You often get home late, travel on business a lot and regularly work weekends. This Christmas you are determined to make it up to your seven-year-old son by buying him the toy he's been talking about for months – a limited-edition action figure of his favourite comic-book superhero.

But, unfortunately, by the time you finally get a free afternoon to go shopping, it's Christmas Eve and you discover that all the toy stores have completely sold out! In desperation, you drive five miles out of town to the biggest toy store and arrive just minutes before it closes. Pushing through the crowds of shoppers, you see that there is just one Turbo Man left on the shelves! A sticker on it says 'LAST ONE IN STOCK!' But, as you reach for it, somebody else appears beside you and grabs the box at the same time ...

2A Relationship-building

4 **Speaker 1**

You and Speaker 2 have known each other since school. You used to meet up regularly and your kids got on really well. But Speaker 2 was transferred abroad three years ago and somehow you gradually lost touch with each other. You've missed them quite a bit and can't believe they're back in town!

2A Relationship-building

6 DEBRIEFING SESSION: THE POWER OF RELATIONSHIPS IN NEGOTIATION

The negotiation you have just taken part in is one of the toughest you can face, so don't be disappointed if the first time you did it, it didn't go well. This was an example of **a single-issue negotiation** and, in this case, the single issue was the toy. Unless you tried to bribe the other person, you really had nothing to trade to get what you wanted. This made it what's known as **a zero-sum game**, one in which only one side can win – either you got the toy or your opponent did. You had no choice but to **go head to head** with them, to fight it out, and you probably **reached a deadlock** where you simply couldn't agree. This kind of negotiation often results in unhelpful behaviour such as intimidation ('Take your hands off it! I saw it first! It's mine!'), self-justification ('I've spent the whole day looking for this damn toy!'), lying ('Actually, I asked the shop to reserve this one for me'), emotional blackmail ('My son's been so ill and I just want to give him a happy Christmas') and submission ('OK, I give up. Go ahead, take it!').

In the second version of the negotiation, however, you had a relationship you wanted to renew and maintain. This was no longer just a **one-off deal** with a total stranger, so the idea that one of you must lose was no longer an option. Were you able to come up with a creative solution to your dilemma? Even if you weren't, the chances are that just working together more collaboratively brought you closer to a compromise.

2A Relationship-building

11 CATCHING UP

Imagine you and your partner have known each other for some years and done business several times before. Now you are about to negotiate again.

Step 1: Decide how long it's been since you last met.

Step 2: Complete the chart below with information about things which have happened since you last met. Use true information wherever possible, but, if necessary, make a few things up. You don't need to complete every box in the chart.

Last meeting			**Now**
Business trips			
Business deals			
Family			
Holidays			
Other			
Things you've been doing since you last met …			

Step 3: Before you begin your conversation, briefly talk your partner through your table, explaining the events, so that they have some idea of what's happened in your life.

Step 4: When you're ready, begin using the information in your partner's table to initiate topics of conversation. Try to ask a few follow-up questions for each topic and respond to information they give you with information about what's been happening in your own life.

2B Relationship-building

6 FINDING THINGS IN COMMON

You are going to jointly create the context for a pre-negotiation conversation. First, with your partner, complete the background information below. Then, depending on whether you are the host or the visitor, each complete one of the personal information sections. Now, swap books and complete the host's hospitality or visitor's compliments section. When you're ready, use each other's personal information as the basis for your conversation. Remember to show hospitality or pay compliments and keep the follow-up questions coming!

Background information

Where are you holding the negotiation?
(choose a city you know well)

Briefly, what are you negotiating?
(choose a subject you know well)

What's the weather like?
(typical/unusual for the time of year)

What's the latest news in the city?
(local events, politics)

What's the current economic situation?
(booming, unstable, depressed)

Visitor: Personal information

Born in .....
Live in .....
Studied ..... at .....
Like ....., especially .....
Play (a bit of) .....
Used to work for .....
Know/Met .....
Speak (a little) .....
Spent some time in .....
Planning to .....
Company currently involved in .....
.....
Business affected by recent .....
.....
Hoping to .....
while you're here in .....

Host: Personal information

Born in .....
Live in .....
Studied ..... at .....
Like ....., especially .....
Play (a bit of) .....
Used to work for .....
Know/Met .....
Speak (a little) .....
Spent some time in .....
Planning to .....
Company currently involved in .....
.....
Business affected by recent .....
.....
Hoping to .....
while you're here in .....

Host: Hospitality

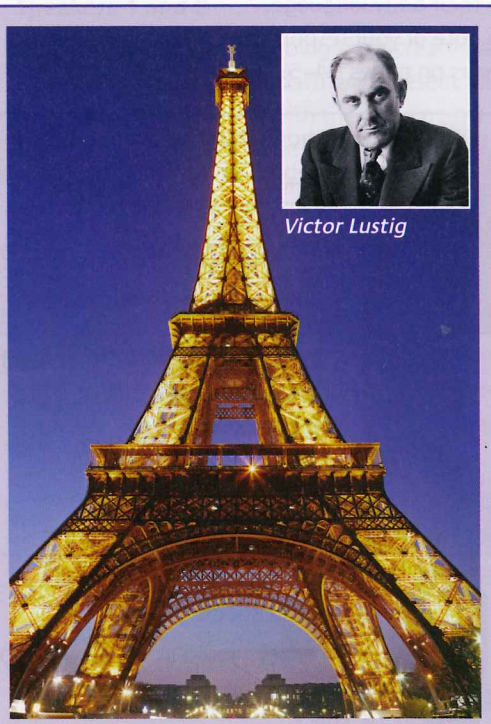
Have you tried .....?
Let me get you .....
We must make sure we show you .....
..... before you leave.
Would you like me to arrange .....
.....?

Visitor: Compliments

I really like .....
I'm very impressed with your .....
..... here in .....
I've heard a lot about .....
I really want to .....
..... while I'm here.

3 Establishing a procedure

10 Read the true story of Victor Lustig and prepare to re-create his greatest sale!


Victor Lustig

Victor Lustig (1890–1947) is perhaps the greatest conman who ever lived. Though no aristocrat, he went by the name of Count Victor Lustig, travelled everywhere in a limousine driven by a mysterious Japanese chauffeur, and stayed in only the best hotels. Fluent in several languages, he was often to be found parting the rich from their money on ocean liners travelling between Paris and New York.

In his long career, Lustig managed to sell for $30,000 a time (a huge sum in those days) several special boxes he claimed could copy hundred-dollar bills. He even managed to cheat the notorious gangster Al Capone out of $5,000 and escaped from a maximum-security prison in less than a week. But his greatest triumph was surely selling the Eiffel Tower not once, but twice!

It's not as improbable as it sounds. The Eiffel Tower was originally built as a temporary structure for the 1889 Paris Exhibition. At the time, many felt it ruined the beauty of the city. Lustig forged government papers authorising the deal, and explained the secrecy surrounding the sale by saying that public opinion was against it. In the end, the man who bought it from Lustig for scrap was too embarrassed to go to the police when he realised his terrible mistake.

In pairs, decide who is going to be Lustig and who is going to be the buyer of the Eiffel Tower. Each make a list of the points you want to discuss during the negotiation and draft a provisional agenda for the meeting – what are your priorities, what facts and figures will you need to discuss, what terms will you accept and what guarantees will you require? What are the logistics of buying the Eiffel Tower?

When you're ready, decide who will speak first and agree on a procedure.

10 Closing the deal

7 2.53 Take turns to read out the following closes in an upbeat way. Then compare your versions with the ones on the CD.

Well, ladies and gentlemen, I think that's about as far as we can go. I'm afraid it doesn't look as though we're going to reach a deal today. I do think we made a lot of progress, however. And at one point it even looked like agreement might be in sight, but unfortunately it wasn't to be. I would just like to thank everyone for their time and effort in trying to put this deal together and I sincerely hope that we may still be able to do business in the future. Here's to the next time!

Well, ladies and gentlemen, I think that's about it. There may still be one or two minor details to sort out, but it looks like we've got ourselves a deal! Let me just say how delighted I am that we were able to reach an agreement that works so well for both of us. That's thanks, of course, to all the hard work of everyone on both teams. And I'm sure this is just the beginning of what will turn out to be a long and successful business partnership. So let's drink to that! Cheers!

4A The proposal stage

8 THE BODY LANGUAGE QUIZ

Work with a partner. Look at the negotiators below and, based on their body language, decide how best to respond to them – will you say A or B? Make a note of your responses – especially if you disagree with your partner! Then check your answers on pages 64–5.

1

A OK, so does all that meet with your agreement, then?

B Now, is there anything you're still not completely happy with?

2

A You look like you don't trust me.

B I can, of course, provide a full breakdown of the figures if you have any doubts.

3

A Splendid. So, if you'll just sign here ...

B Now, are you sure there's nothing we still need to discuss?

4

A A very interesting offer. We do, of course, have other suppliers to talk to.

B Well, if it's take it or leave it, I think we'll have to leave it.

5

A Let's see if we can find some sort of compromise.

B I'm afraid that really is as far as I can go at this stage.

6

A OK, perhaps I could just begin by giving you a bit of background about us.

B Thanks for finding time to meet. I'll keep this fairly short.

7

A OK, shall we just quickly go through the main points again?

B Perhaps we should take a short break at this point.

8

A I hope this is all acceptable to you, but before you answer, let me just mention one more thing.

B Not convinced?

9

A Would it make your life easier if we extended the credit period a little?

B Of course, I don't want to pressure you at all.

10

A I'll just talk you through the product specs.

B Perhaps you'd like to have a look through this copy of the product specs.

11

A OK, let's move on to something I think you'll find very relevant to your needs.

B Now, I won't bore you with the details.

12

A Oh, come on, you'll have to do better than that!

B Pity. But if that really is your best offer, then I guess we can go no further today.

13

A Perhaps you'd like some time to think that over.

B So, can we now come to a final decision on this?

14

A Great, so you can guarantee 7-day delivery.

B Great, so can we specify guaranteed 7-day delivery in the contract?

4B The proposal stage

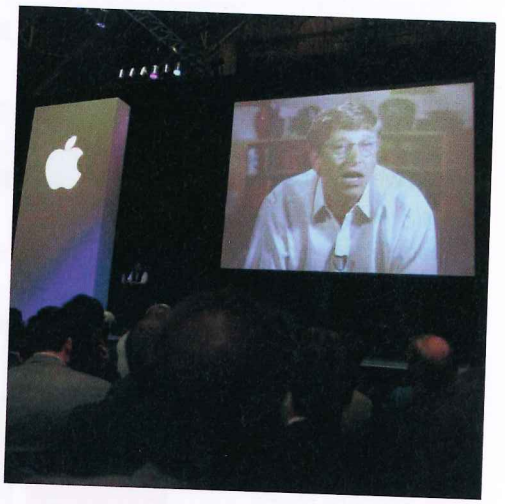
7 THE JOINT VENTURE

Speakers 1 and 2

Negotiation 1: You are going to re-create part of the famous 1997 deal between Microsoft and Apple. You and your partner represent Microsoft and the other team represents Apple. First, familiarise yourself with the main points in your proposal below. Then, when you're ready, jointly present these to Apple. Be ready to confirm or correct their summary of your proposal and listen to their counter-proposal.

Microsoft–Apple Deal: Proposal

1. Microsoft to continue to develop Office software for Apple
2. Internet Explorer to be default web browser in all Apple machines
3. Mac users will be able to change the default to other browsers, e.g. Netscape Navigator
4. Microsoft to invest in Apple by buying $150m of non-voting stock
5. Microsoft agrees not to sell stock for at least three years
6. Apple must drop current patent lawsuit against Microsoft immediately
7. All Microsoft software to be redesigned specifically for the Mac (not simply a Mac version of Windows platform)



Now turn to page 91 for the second negotiation.

1B Preparing to negotiate

7 THE DREAM TEAM

Speaker 1

Karin Schering (German, 45)
MBA Chicago; chief accountant in the finance department (Western Europe); a great communicator and ideas person; spent two years at the Hong Kong office; speaks some Cantonese.

Kim Hyun Joong (Korean, 27)
MA in intercultural communication; heads up the newly formed corporate communications department; young but dedicated; a qualified counsellor and mediator; speaks some Mandarin.

Oliver Mbeki (South African, 34)
MSc in mechanical engineering Cape Town; a real high-flier who joined the R&D team at SunSource (Asia) after working closely with the Chinese on several energy projects in South Africa.

Robert M. Freeman (American, 38)
MBA Stanford; VP sales & marketing (Asia); has played a major part in building SunSource into the global clean-tech company it is today; a great strategist and very tough negotiator.

Safrina Mawar (Singaporean, 30)
MSc in Chinese literature; head of customer relations (Asia); very bright and lively personality; a creative thinker; speaks fluent Mandarin Chinese in addition to her native Malay.

5A Questioning techniques

6 THE ANSWER-A-QUESTION-WITH-A-QUESTION GAME

Work with a partner. Take it in turns to ask the questions below. Your partner should try to answer your question with another question within 10 seconds using the words in brackets to help them. See who can carry on longest! If you like, play the game again with a 5-second time limit or switch roles.

Player 1	Player 2
1 How flexible can you be on price?	(how – need – us – be)
(that – priority – you)	2 Can you shorten the lead-time?
3 Can we pay in arrears?	(would – prefer)
(happier – if – did)	4 Do you offer sale-or-return?
5 Would staff training be included?	(how many – need – train)
(how soon – can – deliver)	6 How soon do you need delivery?
7 Would you consider a discount?	(what sort – figure – mind)
(would – extra charge – that)	8 Would you prefer customised packaging?
9 Could we pay in instalments?	(that – you'd – prefer)
(what – would – suggest)	10 Can we consider an alternative here?
11 Can we move on to another issue?	(what – like – move – to)
(what – maximum – can handle)	12 How many units would you be ordering?
13 So we're in agreement on volume?	(wouldn't – good idea – discuss price first)
(sorry – what – mean – HP)	14 Would you be willing to consider HP?
15 And is that your best price?	(had – better offer)
(what guarantees – looking)	16 What guarantees can you offer us?
17 Can I interest you in a free upgrade?	(what – advantages – upgrading)
(exactly which – referring)	18 How do you feel about waiving costs?
19 How important is exclusivity to you?	(is – something – prepared – offer)
(can – just – go back – some – figures)	20 So, do we have a deal?

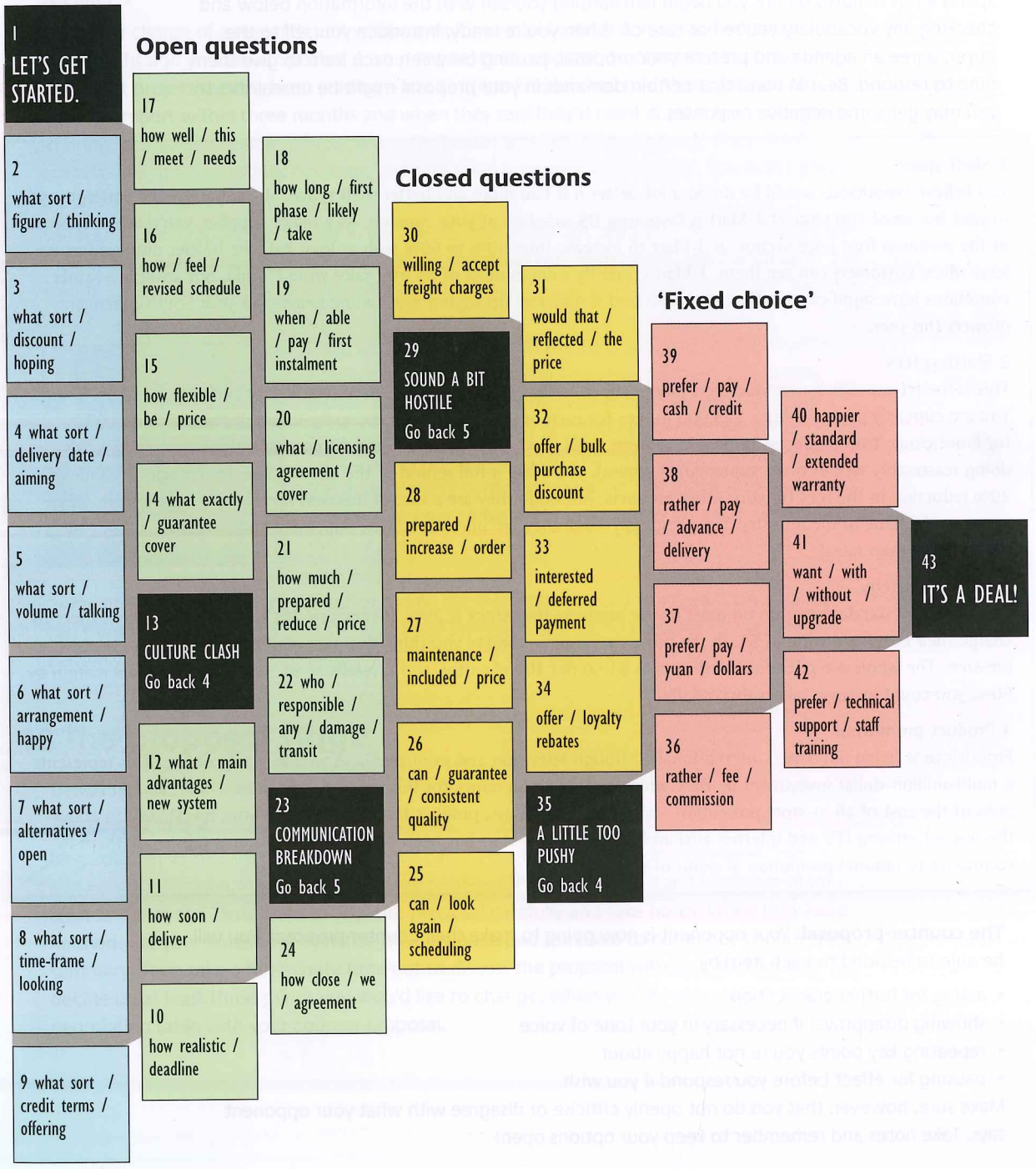
5A Questioning techniques

Note: You can download a bigger version of this game board from the website: www.cambridge.org/elt/internationalnegotiations

11 THE QUESTION TYPES GAME

Work with a partner. You will need a small counter each and a coin. Flip the coin to move around the game board asking questions about the negotiation issues in the squares – heads move forward three spaces, tails move forward one space. Switch from 'what sort of ...?' to open to closed to 'fixed choice' questions as you progress through the negotiation. If you can't formulate a question within 5 seconds, move back three squares. If you can quickly answer one of your partner's questions, move forward one square. To win you need the exact number to land on the 'It's a deal!' square.

What sort of ...?



5B Questioning techniques

9 THE RENEGOTIATION

Speaker 1

The proposal: You are the new sales director for Bebidas Santos Almeida (BSA), a large Brazilian soft drinks manufacturer based in São Paulo. Six months ago (before you were appointed) BSA launched a new range of luxury fruit juices in the United States under the US brand name Frooticious, but sales at one of their biggest national supermarket chains, J-Mart, have so far been extremely disappointing. You have called a meeting with J-Mart's chief buyer to renegotiate the terms of your contract (terms agreed by your predecessor, not you) and formulate a new sales strategy. You are not at all happy with the current arrangement!

Spend a few minutes before you begin familiarising yourself with the information below and checking any vocabulary you're not sure of. When you're ready, introduce yourself to the buyer, agree an agenda and present your proposal, pausing between each item to give them time to respond. Bear in mind that certain demands in your proposal might be unrealistic, so you may get some negative responses.

1 Shelf space

You believe Frooticious would be doing a lot better if it had more and better shelf space. Shelf space is the battleground in your business! You suspect J-Mart is favouring US suppliers at your expense. As a major supplier, you'd like your share of the premium fruit juice section at J-Mart to increase from 30% to 60% with at least half the bottles displayed at eye level where customers can see them. J-Mart currently sources most of its fruit juice from Florida, but adverse weather conditions have significantly affected output and it may end up relying much more heavily on your South American growers this year.

2 Slotting fees

This is the money which manufacturers pay to supermarkets to reserve shelf space for them in preference to rival brands. You are currently paying J-Mart $25,000 in fees for each of your bestselling economy-brand juices and $100,000 for Frooticious. Your predecessor must have been mad! Given your premium brand's poor sales figures at J-Mart (it's doing reasonably well at other supermarket chains), you'd like a full refund of the slotting fees for Frooticious and a 20% reduction in the fees for your other products. Although they are a fact of business life, slotting fees are a highly controversial issue in the industry. You personally think they are unethical. Some supermarkets make more money in slotting fees than sales!

3 Pricing strategy

Supermarkets' standard margin on most of the products they stock is 25%. If they pay 75¢ for a product, they expect to charge their customers around $1. In the present economic climate you think this puts manufacturers under excessive pressure. The wholesale price for Frooticious is $1.50 per 100ml carton and it retails at $1.99. If J-Mart cut its margin by 50%, you could increase sales substantially.

4 Product promotion

Frooticious is being advertised internationally through television and print media as well as virally online. This represents a multi-million-dollar investment by BSA, which has very high hopes for this product. You think J-Mart should cover 20% of the cost of all in-store promotion – signs, visual displays, product tasting, etc. Given your investment in above-the-line advertising (TV and internet ads) and the margins J-Mart has been getting, you think it is fair to ask them to contribute to product promotion at point of purchase.

The counter-proposal: Your opponent is now going to make their counter-proposal. You will be able to respond to each item by:

- asking for further clarification
- showing disapproval if necessary in your tone of voice
- repeating key points you're not happy about
- pausing for effect before you respond if you wish.

Make sure, however, that you do not openly criticise or disagree with what your opponent says. Take notes and remember to keep your options open!

6A Exploring interests

6

Enter the librarian. She asks one why he wants the window open: 'To get some fresh air.' She asks the other why he wants it closed: 'To avoid the draught.'

6A Exploring interests

11 THE OVERDUE REPORT

Speaker 1

You are in charge of a research unit within a multinational biotech company. Two and a half months ago you asked Speaker 2, your top research chemist, to compile a report on an important project they've been leading – the Zantium Project. You told them you had to have the report within three months and when they said they'd need at least four, you offered to bring in another member of your team, Dr Ramón Jimenez, to assist them. They didn't seem to like this suggestion, however, and said they'd manage without him. You didn't press the matter.

Speaker 2's final report is now due in two weeks, but at the last progress meeting, it was clear they'd fallen behind schedule. Then yesterday afternoon you were called into the office of your boss, Dr Ingrid Becker, the vice-president for research and development, and she had this to say:

Look, what's going on with the Zantium Project? I'm hearing rumours that this genius you've got working on it is months behind with the report. Now, you know how much is riding on this. I've got a meeting with the board in three weeks' time and they're expecting to see some results. So don't let me down. I don't care how you do it, just make sure that two weeks from now I have that report sitting on my desk, so that I've got plenty of time to go through it before the meeting.

Unfortunately, you're out of the office today, but this matter clearly can't wait. On balance, you think the best thing to do is to bring in Dr Jimenez, after all, to speed things up. He's certainly the best qualified to help. Phone Speaker 2 now and don't hang up until this problem is resolved!

4B The proposal stage

7 THE JOINT VENTURE

Speakers 1 and 2

Negotiation 2: You are going to re-create part of the famous 2001 deal between Toyota and Peugeot-Citroën. You and your partner represent Peugeot-Citroën and the other team represents Toyota. First, listen to Toyota's proposal carefully and take notes. When they have finished, use your notes to summarise their proposal and ask them to correct or confirm your summary. Then take a ten-minute time-out to discuss the proposal with your partner and decide on at least three things you would like to change. When you're ready, return to the negotiating table with your counter-proposal.

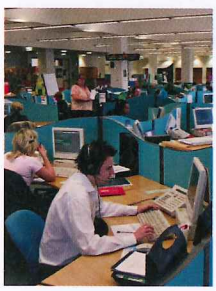
6B Exploring interests

6 Speaker 1

You are a tele-salesperson for Hoozhoo.com, a young start-up company that runs a social networking website similar to Facebook. For the last 12 months you've been working long hours for a mean boss selling advertising space on the site for fairly low pay. Then, yesterday, your prayers were answered – Garth, your boss, was suddenly fired. Better still, you were offered his job. You are about to become the new sales manager!

You are going to meet the owner and founder of the company to negotiate your pay package. Prepare for the meeting by looking at your position below and deciding where you will open the negotiation on each point. When it comes to figures, remember to start off by asking for a bit more than you want! But be ready to compromise on certain points.

Also, pictured below, are some of the reasons why you are taking this position in the negotiation. You can decide to reveal these or not. They may help you explain your position. You should also try to find out your opponent's interests if you can and be prepared to generate creative options to satisfy them. Negotiate wisely. This is your future at stake. Good luck!



This is where you currently work – cubicle hell! You can't wait to have your own office.

YOUR NEGOTIATING POSITION

1. You currently earn just $30,000 a year (plus a very small commission), but the new job carries a lot more responsibility – you'll be in charge of a team of 12 sales people. You know Garth was getting $50,000 and he was clearly useless at his job! You'd like to be starting off at $55,000.
2. You think you and the team should also be getting performance bonuses if you exceed your monthly sales targets – say, 5%.
3. Garth had his own office. You assume you will be getting it.
4. As this is a stressful job, you'd like your annual paid holiday entitlement to be increased from three weeks to four.

You haven't felt challenged in your current position and have been thinking of studying part-time for a Master's in psychology. But the course at the local university costs $25,000. Dream on!

This is the wreck of a car you drive around in. It's costing you a fortune in repairs and does your image no good at all. If only you could trade it in for something a little sportier. But so far you've only saved about $10,000.

This is the apartment you currently live in. At $800 a month, it's fairly cheap, but it's small, dark with noisy neighbours and over an hour's drive from the office.

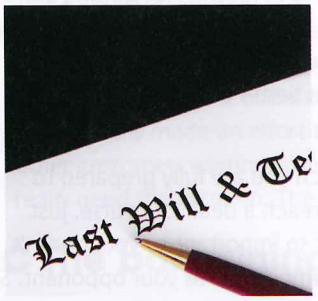
This is the loft apartment you viewed yesterday after finding out about the job offer. It's $1,600 a month, but, wow, what a place! And only 10 minutes from the office.

This is your beloved dog, Barney. The vet's told you he needs a life-saving operation that's going to cost you $5,000. Ouch! There goes your new car!

This is your rich and successful brother-in-law, Anton. He's always showing off about his great job in the city as a financial consultant. Just wait till he hears you've been promoted to sales manager after only 12 months with the company!

7A The bargaining zone

5 THE INHERITANCE



Work in pairs. You and your partner are distant cousins who had a disagreement many years ago and haven't spoken since. Then, last week you met again at the funeral of your rich and eccentric great-uncle. At the reading of the will you were surprised to discover that, while most of your great-uncle's considerable estate naturally went to his children, you and your cousin were left several of his most prized possessions. You are overjoyed until you realise that, in an attempt to bring the two of you closer together, your great-uncle has imposed certain conditions on your inheritance:

- you must agree on how to divide his possessions or you both get nothing
- all nine items on the list must be allocated or, again, you get nothing
- you cannot time-share any of the items left to you
- you cannot buy any of the items off each other
- you cannot sell or otherwise dispose of any of the items for at least 5 years.

Decide with your partner how to share out the following items left in the will. Things to consider: personal preference, investment value, cost of ownership.

His 1964 Aston Martin DB5
(silver; black leather interior)

His vintage wine collection
(3,000 bottles, many grands crus)

His gold-plated golf clubs
(custom-made)

His Stradivarius violin
(must be played to keep its tone)

His racehorse, Relentless
(yearling, yet to race)

His antiquarian book collection
(1,000 volumes, many first editions)

His rare stamp collection
(600 stamps, mostly British)

His antique Chinese porcelain
(150 pieces, 16th–19th century)

His Harley-Davidson
(2002 Heritage Soft Tail Classic)

7A The bargaining zone

12 THE HIT LIST

Before you go into a negotiation, it's a good idea to draw up a H.I.T. list of the things you want and what you're prepared to give to get them.

H.I.T. stands for:

Have to get

These are the things which for you are pretty much essential to any agreement. They may not be totally non-negotiable (don't lock yourself into a rigid position), but if you have to make any significant concessions here, the deal is off.

Intend to get

These are additional things you'd really like to get. Though not essential, you won't make many concessions here unless your opponent makes substantial concessions in return. Not getting all you intended to get may not kill the deal, but you should probably delay signing any contracts until you've shopped around for a better offer.

Tradeables

These are things which you are fully prepared to concede in order to reach a deal. Of course, just because they are not so important to you, doesn't mean they won't be important to your opponent. So you are not going to give them away freely without at least asking for something in return.

You are about to do some bargaining with your partner. Speaker 1 turn to page 96 and Speaker 2 turn to page 100.

7B The bargaining zone

8 THE ANTIQUES MARKET

Speaker 1

You are an antique dealer who's rented a stall at the local flea market for the day. The market is due to close in 20 minutes, so it would be good to make a few last-minute sales if you can – especially as you've sold virtually nothing all day and the stall cost you £100! The articles shown are marked with the price you paid for them and the price you're asking. So, first of all, decide what your target and reservation points are for each. Don't be too greedy, but leave yourself plenty of room to haggle. There's a bit of background information about each article.

Negotiating tactics you could try:

- find out as much as possible about your potential customer
- ask lots of questions about who the articles are for
- invent some interesting stories about some of the articles
- offer a special price if the customer buys more than one article
- offer to let the customer bring something back if they change their mind
- look shocked if you get a low offer, saying the article cost more than that
- pretend you've already refused a higher offer from someone else.

But be careful not to lose a sale!

7C The bargaining zone

2 THE FIFTY-DOLLAR BILL

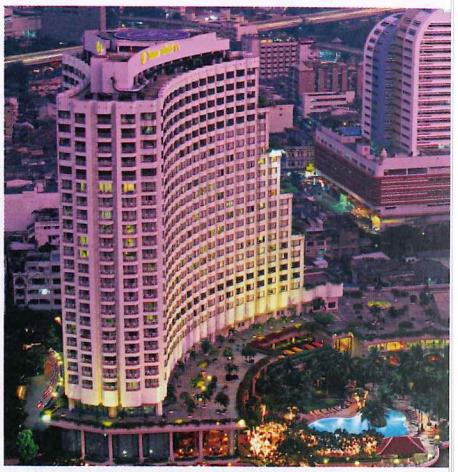
Speaker 1 (Waiter/Waitress)

You have done your best all evening to please the rather strange person on table nine, who gave you half a $50 bill at the beginning of the meal and told you they'd give you the other half of your tip at the end if the service was superb. It's been an incredibly busy night, but you've really made an effort to give them excellent service, even at the cost of keeping a few other customers waiting. You're working in the restaurant to pay off some heavy debts, so you really need the extra tip. The standard rate is 15%, but the $50 would be fantastic.

7C The bargaining zone

5 THE CELEBRITY ENDORSEMENT CONTRACT

Team 1



You are the legal team for the Archer Group, an international consortium of property developers and entertainment companies who are currently building a hotel and leisure complex in Bangkok, The Elysium Resort. The development includes restaurants, nightclubs, casinos, 3-D cinemas, fitness suites and dance studios and is aimed at the young professional sector. You would like to sign a celebrity endorsement contract with Thai movie star Jariya Mookjai to become the official face of Elysium. Over the last two years, Jariya has become a Hollywood sensation with leading roles in high-profile romantic and martial arts movies and you think the fact that she has both Asian and global appeal makes her the ideal celebrity to endorse your resort.

Your board of directors are very excited about contracting Jariya, but you must make sure you get them the best possible deal. Decide now what your BATNA is.

Here are your main target points for the negotiation. Work out what your opening and reservation points are for each.

	Opening point	Target point	Reservation point
1 Duration of endorsement contract	..... year(s)	6 years	..... years*
2 Fixed endorsement fee (paid annually)	$.....	$500,000	$.....
3 Compensation for personal appearances	$.....	$30,000	$.....
4 No. of personal appearances annually	.....	8	.....**
5 Appearance in advertising campaign	$.....	$750,000	$.....***

*The resort will take a long time to break even, so you need a long-term commitment.
** To successfully build the Elysium brand, Jariya needs to be seen regularly at the resort.
*** Two one-minute commercials per year for TV, cinema and internet broadcast.

Here are the other key variables in your H.I.T. list for the negotiation. Decide which are 'have to gets', which are 'intend to gets' and which, if any, are 'tradeables'.

	H, I or T?
6 Exclusivity clause (no competing endorsements)	☐
7 No endorsements of products incompatible with the Elysium brand	☐
8 'Morality clause' (right to terminate the contract if Jariya is involved in a scandal likely to damage the Elysium brand)	☐
9 Consent to take out life and injury insurance policy on Jariya's behalf	☐
10 Right to suspend the endorsement contract for 6–12 months if construction of the resort falls behind schedule (launch date: Jan 1st)	☐

7A The bargaining zone

12 THE HIT LIST

Speaker 1

You are a senior sales representative for Autovista, an Argentinian manufacturer of tour buses which feature innovative side-facing passenger seating, panoramic windows and a state-of-the-art multi-screen entertainment system. You are about to hold a meeting with UK-based tour operator, Cityscape, to negotiate the sale of ten of your top-of-the-range 'Panorama' coaches.

This is the provisional quote you sent to your potential buyer.

Autovista

Provisional quote for Cityscape PLC: 10 x Panorama city tour buses

List price: USD 2m per vehicle
With bulk order discount (5%) for 10–20 vehicles: USD 1.9m
Total price: USD 19m
12-month guarantee inc. spare parts and maintenance costs
Delivery: FOB* Buenos Aires
Delivery time: 90 days
Payment terms: 30 days' credit from delivery (interest-free)
Custom paint in customer's own livery: USD 10,000 per vehicle

*FOB = free on board (seller delivers goods to ship at seaport and arranges permission for exportation, buyer is responsible for goods once on board)

Consider your priorities in the H.I.T. list below and then open the negotiation. The meeting is being held at Cityscape's offices in London. They will begin by outlining their initial reaction to your quote.

H

Unit price: USD 1.7m (your profit margins are very tight – this is your absolute bottom line!)

Delivery time: 60 days (you have a backlog of orders to meet and cannot easily deliver sooner)

I

Unit price: USD 1.8m (this protects you against fluctuations in manufacturing costs and exchange rates)

Delivery: FOB (your manufacturing plant is in Mendoza, far from the seaport, so you don't want to deliver CFR (cost and freight) or CIF (cost, insurance and freight) and cover shipping costs as well

Delivery time: 90 days (this would allow for any production hold-ups)

An exclusivity clause making you sole supplier for any future orders

T

You could extend the guarantee to 18 months (your products have an excellent reliability record)

You could include custom paint (saves the customer USD 100,000, but costs you half that)

You could extend credit to 60 or even 90 days (but this would adversely affect your cash flow, so maybe you could charge a small amount of interest, say 2%)

Write down what you agree and then turn to page 107 to see how you did.

8A Powers of persuasion

11 Water-cooler negotiations

1 Work in groups of four. You are each going to take part in two short conversations at the water-cooler. There are favours to be asked, obligations to fulfil and you may have more or less power than the other speakers. Begin by deciding who is going to be Speaker 1, 2, 3 and 4 and write your first names next to the numbers below. Then read your role information and prepare your strategy. What's your ideal outcome? What are your alternatives if you fail to reach agreement? How are you going to open?

2 Have the four conversations. You have a maximum of five minutes for each. Remember to use the persuasive language and tactics you have practised.

Speaker 1: .....

You are a middle manager who works alongside ..... (2) and reports directly to ..... (4).

You urgently need to speak to ..... (2) about standing in for you at a conference in Munich next week – your grandmother is seriously ill. ..... (2) will need to give a short team presentation and work on the exhibition stand.

Speaker 1, go and talk to Speaker 2.

Speaker 2: .....

You are a middle manager who works alongside ..... (1) and reports directly to ..... (4).

You urgently need to speak to your new trainee assistant, ... (3), about doing some overtime this week. There's a mountain of paperwork to get through and you simply can't do it alone. Now, where are they?

Speaker 2, go and talk to Speaker 3.

Speaker 3: .....

You are the assistant to ..... (2). You've only been in the job three months.

You urgently need to speak to ..... (4), who's in charge of the department, about your very heavy workload. As a trainee, you are entitled to 150 hours of training, but so far your immediate boss, ... (2), has kept you too busy to take any courses.

Speaker 3, go and talk to Speaker 4.

Speaker 4: .....

You are the director in charge of the department. You're very busy, but your motto is 'My door is always open'.

You urgently need to speak to ..... (1) about the talk you're giving with them at the Munich conference next week. Last year's talk was a disaster, so this year you want everything organised down to the last detail.

Speaker 4, go and talk to Speaker 1.

3 Team up with people from different groups who played the same role as you and compare results. Who's the master of persuasion?

4 If you had another chance to negotiate, how would you change your strategy? Which tactics seemed to work best and which were counter-productive? Turn to pages 73–4 to see how you did.

8B Powers of persuasion

Note: You can download a bigger version of the questionnaire from the website: www.cambridge.org/elt/internationalnegotiations

9 WHAT'S YOUR PERSUASIVE INTELLIGENCE?

What's your Persuasive Intelligence?

1 THE NETWORK CLUSTER

a Break the ice by mentioning these two surprising coincidences. ☐
b Stick to the business at hand, but maybe refer to the diploma before you go. ☐
c Mention the business school connection straight away and leave the tennis till you leave. ☐

2 THE EXTENDED GUARANTEE

a Point out just how much it could cost them if they have problems after the first year. ☐
b List all the benefits of the extended guarantee and all the things it covers. ☐
c Remind them that what they've saved on the computers will easily offset the cost. ☐

3 THE INSURANCE PLAN

a Start with the cheapest standard plan to get their interest. ☐
b Start with the most expensive premium plan as it offers the best cover. ☐
c Start with the mid-range standard-plus plan as it's your most popular. ☐

4 THE COFFEE MACHINES

a Instruct your reps to directly compare your products with inferior competitors. ☐
b Launch a new line of cheaper, more basic machines for the low end of the market. ☐
c Launch a new line of more technically advanced machines at a higher price. ☐

5 THE PAY PACKAGE

a Just present your preferred payment model and keep the others in reserve. ☐
b Narrow the list down to three. ☐
c Make sure you include all seven options in your proposal. ☐

6 THE CORPORATE WEBSITE

a Insist they quote you a price before you go any further with the negotiations. ☐
b Accept a rough estimate for now, but say you'll need a full cost breakdown later. ☐
c Ask them to tell you about the technical options they're referring to. ☐

7 THE LOYALTY PROGRAMME

a Offer them 1 point for every $100 they spend – 10 points gets them a free room. ☐
b Same deal, but 4 points for the first $100 – 14 points gets the free room. ☐
c Offer 3 points for every $100 spent – 30 points gets the free room. ☐

8 THE CONSTRUCTION PROJECT

a Present them with a print-out of the extra costs. ☐
b Pass them a hand-written estimate on headed notepaper. ☐
c Hand them a copy of the original figures with amendments. ☐

9 THE CONTRACT NEGOTIATION

a Schedule the negotiation as soon as possible! ☐
b Put off the negotiation, but remind them of the favour. ☐
c You don't want to seem manipulative – wait a few weeks. ☐

10 THE RESEARCH BUDGET

a Adjourn the meeting and schedule another. ☐
b Press on for another 3 hours to wear them out! ☐
c Order espressos all round and plan to finish in 45 minutes. ☐

Now turn to pages 74–5 to check your answers.

8C Powers of persuasion

Note: You can download a bigger version of the game board from the website: www.cambridge.org/elt/internationalnegotiations

6 DIRTY TRICKS GAME

Play in groups of four if you can, with a different counter each. Throw a die to move around the board. If you land on a grey or white square, follow the instructions, i.e. move forwards or backwards or miss a turn. If you land on a red square, you have five seconds to respond to the pressure tactic, e.g. red square: *Can we settle these issues one at a time?* ▶ *Well, let's just see what all our options are first, shall we?* The other players will judge your response. If two out of three don't like it, miss a turn. If they like what you say, throw the die for your turn. The first player to reach the final square is the winner!

OPEN NEGOTIATIONS	Can we settle these issues one at a time?	GOOD RAPPORT ▶3	I'm afraid I'm working within a fixed budget.	TOO QUICK TO INTERRUPT ◀1	It's company policy to insist on 90 days' credit.	ASK A GOOD QUESTION ▼1
						I'll have to clear this with the boss.
GENERATE OPTIONS ▶5	Oh, I'm sorry – I thought you said 50, not 15!	CALL HEAD OFFICE MISS 1 TURN	I just got a message from head office – they want free delivery.	MISS OPPORTUNITY ◀3		MUCH TOO PUSHY ▲5
Let you and me sort this out before my partner gets back.	The Dirty Tricks Game			So it's take it or leave it.		We've already been offered a better deal.
LOSE CON-CENTRATION ▼1				CLINCH THE DEAL ▼3		TAKE A TIME-OUT MISS 1 TURN
I can't believe after-sales service is not included!		CLOSE NEGOTIATIONS	RUSH TO SIGN ▶7	One last thing – can you cover installation costs?		I can't believe you're turning this down!
REACH A DEADLOCK MISS 2 TURNS						GAIN A COMMITMENT ▼3
Double the discount and I'll make you our regular supplier.	MISLAY FIGURES ▶3	You're not going to blow this deal over ½%, surely!	FORCE A CONCESSION ◀5	I have to have your answer today.	GIVE IN TO PRESSURE ▶1	It must be my English – I thought we were sharing transport costs.

7A The bargaining zone

12 THE HIT LIST

Speaker 2

You are the chief purchasing officer for British tour operator, Cityscape. You want to replace your current fleet of conventional coaches with customised buses featuring side-facing passenger seating, panoramic windows and a multi-screen entertainment system. You are about to hold a meeting with Argentinian bus manufacturer, Autovista, to negotiate the purchase of ten of their 'Panorama' coaches. This is the provisional quote you received from your prospective supplier.

Autovista

Provisional quote for Cityscape PLC: 10 x Panorama city tour buses

List price: USD 2m per vehicle
With bulk order discount (5%) for 10–20 vehicles: USD 1.9m
Total price: USD 19m
12-month guarantee inc. spare parts and maintenance costs
Delivery: FOB* Buenos Aires
Delivery time: 90 days
Payment terms: 30 days' credit from delivery (interest-free)
Custom paint in customer's own livery: USD 10,000 per vehicle

*FOB = free on board (seller delivers goods to ship at seaport and arranges permission for exportation, buyer is responsible for goods once on board)

Consider your priorities in the H.I.T. list below and then open the negotiation. The meeting is being held at your offices in London. You will begin by outlining your initial reaction to Autovista's quote.

H

Unit price: USD 1.8m (this is the maximum you have the budget for)

Payment terms: 60 days from delivery (this gives you two months to run city tours using the new buses before having to pay – you need to offset the high purchase cost of the new fleet)

I

Unit price: USD 1.6m (on an order of this size you think you can get a better deal)

Payment terms: 90 days from delivery (this gives you an entire quarter before payment)

Custom paint: USD 3,000 per vehicle (customisation can't be that expensive)

Delivery: CFR Buenos Aires (CFR = cost and freight; the seller is responsible for the goods once on board, but you cover the insurance)

T

You don't need faster delivery (your current fleet is perfectly acceptable, but an upgrade is part of your long-term strategy to take the company upmarket)

You could initially ask for CIF delivery (cost, insurance and freight) and then agree to cover insurance (which you had already budgeted for)

You plan to expand your fleet and could agree to order any further buses from Autovista

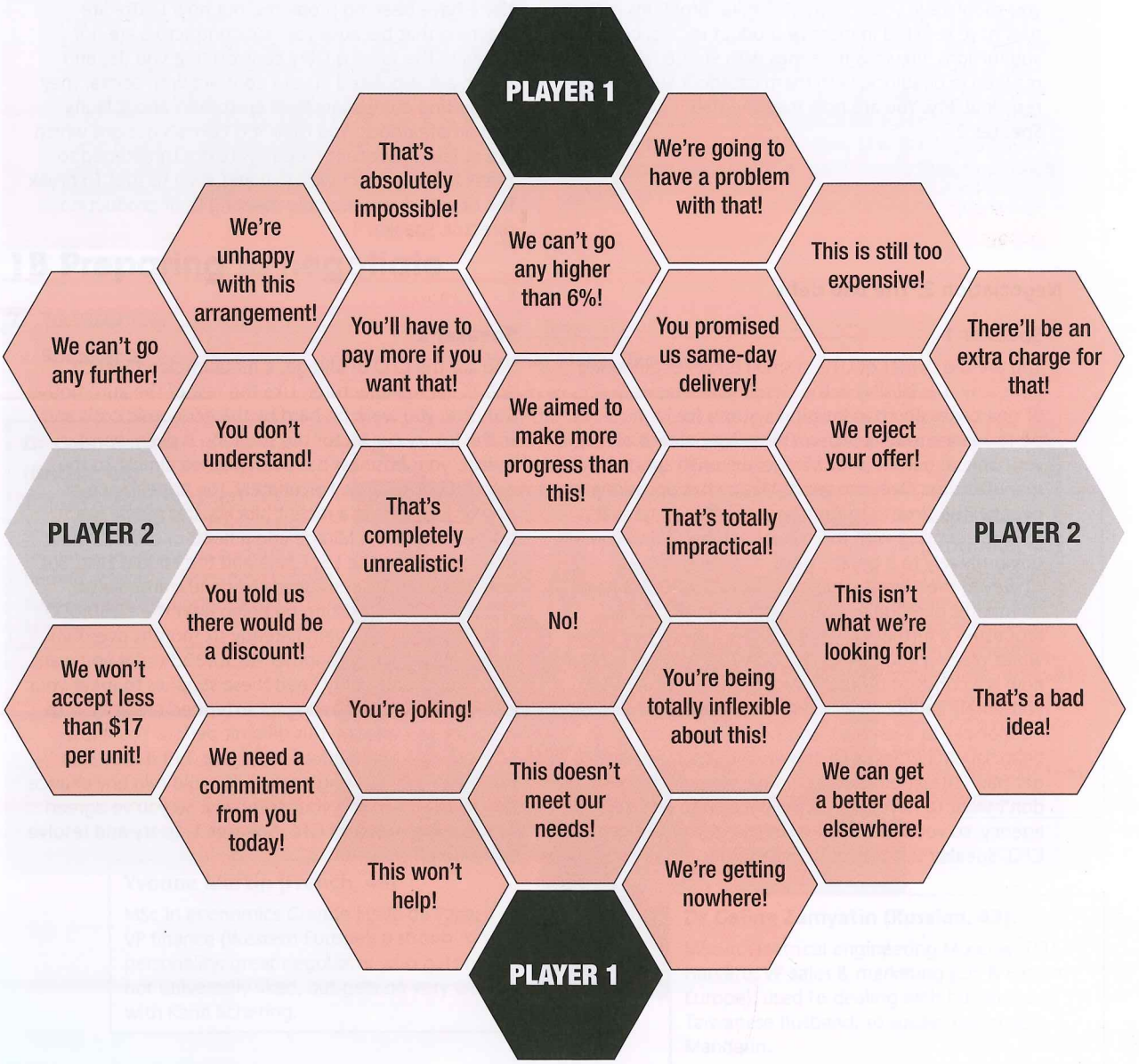
Write down what you agree and then turn to page 107 to see how you did.

9A Handling breakdowns

Note: You can download a bigger version of the game board from the website: www.cambridge.org/elt/internationalnegotiations

11 THE DIPLOMACY GAME

1. Work with a partner or in opposing teams. You'll need two sets of 12 different coloured counters – one set for each of you.
2. Your objective is to connect up your two hexagons by occupying a chain of hexagons in between.
3. Player 2 starts. Take turns to pick a hexagon anywhere on the board. You then have just 15 seconds to make the statement in it more diplomatic using some of the techniques you've been practising, e.g. hexagon: *That's absolutely impossible!* ▶ *I'm afraid that might not be possible at this stage.* Your trainer will judge if you're successful or not!
4. Each time you are successful you take possession of that hexagon and can put a counter on it. In this way you not only make a connecting chain, you can also block your opponent.
5. The first player to connect their hexagons wins. If neither can, the winner is the player with the most counters on the board.



9B Handling breakdowns

7 TRICKY SITUATIONS

Take it in turns to be the note-taker in the following three negotiations.

Negotiation 1: The subcontract

Speaker 1

You are the production director of Danish electrical appliance company Lextra. You have discovered that the Taiwanese firm you outsource manufacturing to, SunCo, has been subcontracting some of the work to another company to cut costs. This is not explicitly prohibited in the contract you have with them, but you have recently been receiving an alarming number of customer complaints about faulty and dangerous products. Several cases have gone to litigation and your company's reputation is at stake. You have reason to believe the product faults have been caused by the subcontractors not applying the quality controls you stipulate in your contract. Similar problems in the past have resulted in massive product recalls, costing you millions. Previous meetings with SunCo have resulted in deadlock, with them categorically denying responsibility. You are now meeting their CFO, Speaker 2.

Speaker 2

You are the CFO of SunCo, a Taiwanese electrical goods manufacturer. Most of your work is outsourced from larger electrical appliance companies and by far your biggest client is the Danish company, Lextra, with whom you have an exclusive production contract. Lextra uses your services because it's much more cost-effective for them to do so than to manufacture themselves. But, in order for you to remain competitive, you frequently have to subcontract work to smaller factories where wages are lower than in your own. In fact, this is standard practice in your country – all your competitors do it. Until recently there have been no problems, but now Lextra are claiming that because your subcontractors are not applying the same quality controls that you do, and which are stipulated in your contract with Lextra, they are getting complaints from customers about faulty and unsafe goods. You think it is Lextra's designs which are at fault. At recent meetings Lextra threatened to break their contract with you and even to sue! To break the deadlock you are now meeting their production director, Speaker 1.

Negotiation 2: The bad debt

Speaker 1

You are the owner of GTC, a small British engineering company specialising in the design and assembly of gearboxes and transmission systems for high-performance road vehicles. Thirty-five percent of your annual output is for Mirage, a French sports car manufacturer. Over the years, Mirage has occasionally been a little slow to make payments, but, in general, your relationship with them has been good and you obviously rely to a great extent on their business. However, their latest payment (for €250,000) is now six months overdue and at a recent meeting they requested a further six-month extension on their credit whilst placing a further order for €250,000. As cash flow is a constant problem for a company your size, you simply cannot extend half a million euros of credit – especially as it seems Mirage are having serious financial difficulties of their own and you may never get paid. Litigation costs could destroy you and you don't want to have to pass the debt on to a factoring agency, so you have arranged to meet the Mirage CFO, Speaker 2, to try and find a solution.

Speaker 2

You are the CFO of Mirage, a medium-sized French sports car manufacturer. Like the rest of the automotive industry, you were hit hard by the economic crisis and in the luxury car sector the situation is even worse. In fact, your business has been pushed almost to the brink of bankruptcy. Fortunately, the appearance of one of your cars in a recent blockbuster movie has revived interest in Mirage and a flood of orders is now coming in from the US, China and the Middle East. But your British supplier of gearboxes and transmission systems, GTC, is insisting on being paid the €250,000 you currently owe them (already six months overdue) before it will accept another €250,000 order you want to place. You urgently need these supplies to meet your own orders and are asking for extended credit now to help get you through this difficult period. You know GTC probably can't afford to litigate, but if they sold the debt to a factoring agency, it could ruin any chance you have of rescuing your company. So you've agreed to meet the owner of GTC, Speaker 1, to try and resolve the problem.

Negotiation 3: The reorganisation programme

Speaker 1

You are a senior member of the research team at Schreider Therapeutics, a leading gene therapy development company based in Basel, Switzerland. Schreider was recently acquired by US pharmaceuticals giant RexiPharm. You expected some post-merger restructuring on the management side, but there have also been unforeseen and sweeping changes to the research department including the replacement of the director of research with an American with very little German, the closure of two research units which were not felt by the parent company to be 'mission-critical', with the resultant loss of jobs and the promotion of three junior team members over the heads of researchers who had been at Schreider much longer. All of this has caused a lot of ill feeling and badly affected morale throughout the department. There has been a lot of criticism of the general lack of consultation between the RexiPharm management and the Schreider R&D department and some of your best scientists are threatening to leave the company. Meetings with the director of international HR at RexiPharm have so far failed to resolve any of these issues, so you have requested a meeting with Speaker 2, the CEO of the Swiss subsidiary RexiPharm-Schreider.

Speaker 2

You are the new CEO of RexiPharm-Schreider, a leading gene therapy development company based in Basel and formed following the recent acquisition of Schreider by RexiPharm Inc. When you took charge of the new company, your mandate from head office in Philadelphia was to streamline the research department, close down units not doing top-priority research, offer voluntary retirement to older staff, especially those with little English, and promote younger, more dynamic team members with good English to head up the most mission-critical research units. All of this you have done very swiftly and efficiently. You also brought in a highly experienced and exceptionally well-qualified ex-colleague from Philadelphia to take over as director of research. This last decision has not been entirely successful as the new director clearly needs to improve his German, but, apart from this, you believe that the whole department is now much more focused and better organised. Consequently, you were very surprised to hear that some of the Swiss researchers on your team are unhappy with the reorganisation and even threatening to leave the company. After the director of international HR at the parent company failed to reach an agreement with the representative of the R&D team, Speaker 1, you have arranged to meet them yourself to sort things out once and for all.

1B Preparing to negotiate

7 THE DREAM TEAM

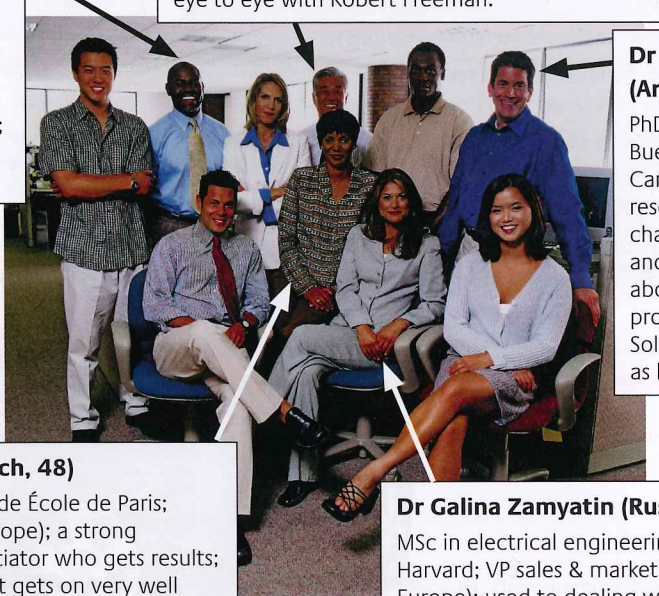
Speaker 2

Yoshio Shirai (Japanese, 57)

PhD in electrical engineering Tokyo; a specialist in solar-thermal energy and a true innovator in the field; quietly spoken and well respected; doesn't always see eye to eye with Robert Freeman.

Dr Colin Barnes (British, 46)

Trained clinical psychologist and an experienced negotiator; little technical expertise; is currently VP human resources (Western Europe); easy-going with a good sense of humour.



Dr Jorge Macri (Argentinian, 40)

PhD in geophysics Buenos Aires, MBA Cambridge; senior research scientist; charismatic, articulate and passionate about his work; very protective about SolFlex, which he sees as his baby.

Yvonne Martin (French, 48)

MSc in economics Grande École de Paris; VP finance (Western Europe); a strong personality; great negotiator who gets results; not universally liked, but gets on very well with Karin Schering.

Dr Galina Zamyatin (Russian, 43)

MSc in electrical engineering Moscow, DBA Harvard; VP sales & marketing (CIS & Eastern Europe); used to dealing with bureaucracy; Taiwanese husband, so speaks reasonable Mandarin.

2A Relationship-building

4 **Speaker 2**

You and Speaker 1 have known each other since school. You used to meet up regularly and your kids got on really well. But you took a job abroad three years ago and somehow gradually lost touch with each other. You've just moved back into town and have been meaning to give them a call, but felt a bit embarrassed after so long.

4B The proposal stage

7 THE JOINT VENTURE

Speakers 3 and 4

Negotiation 1: You are going to re-create part of the famous 1997 deal between Microsoft and Apple. You and your partner represent Apple and the other team represents Microsoft. First, listen to Microsoft's proposal carefully and take notes. When they have finished, use your notes to summarise their proposal and ask them to correct or confirm your summary. Then take a ten-minute time-out to discuss the proposal with your partner and decide on at least three things you would like to change. When you're ready, return to the negotiating table with your counter-proposal.

Negotiation 2: You are going to re-create part of the famous 2001 deal between Toyota and Peugeot-Citroën. You and your partner represent Toyota and the other team represents Peugeot-Citroën. First, familiarise yourself with the main points in your proposal below. Then, when you're ready, jointly present these to Peugeot-Citroën. Be ready to confirm or correct their summary of your proposal and listen to their counter-proposal.

Toyota–Peugeot–Citroën Deal: Proposal

1 50:50 joint venture to produce small fuel-efficient car for European market
2 Set up factory in Czech Republic to manufacture 300,000 cars a year
3 Three separate models (Toyota Aygo, Peugeot 107 and Citroën C1)
4 All three vehicles to share a common underbody
5 Toyota, as the world's number three auto manufacturer, to manage development and production
6 Peugeot-Citroën, as Europe's number two auto manufacturer, to manage purchasing and logistics
7 Synergy means Toyota gains direct access to European markets and Peugeot-Citroën the benefit of Toyota's manufacturing expertise

5B Questioning techniques

9 THE RENEGOTIATION

Speaker 2

The proposal: You are the chief buyer (beverages) for J-Mart, a major US supermarket chain. Six months ago one of your main suppliers, the Brazilian soft drinks giant Bebidas Santos Almeida (BSA), launched a new range of luxury fruit juices under the US brand name Frooticious, but so far sales have been disappointing. BSA's new sales director has called a meeting with you to renegotiate the terms of their contract and formulate a new sales strategy. You haven't met them before (they weren't involved in the original negotiations), but you don't like altering supply contracts – especially when your suppliers' products are sitting on the shelves unsold!

Your opponent is going to make a formal offer. There may well be things in it that you don't like the sound of. You will be able to respond to each item by:

- asking for further clarification
- showing disapproval if necessary in your tone of voice
- repeating key points you're not happy about
- pausing for effect before you respond if you wish.

Make sure, however, that you do not openly criticise or disagree with what your opponent says. Take notes and remember to keep your options open.

The counter-proposal: You are now going to make your counter-proposal. Spend a few minutes before you begin familiarising yourself with the information below and checking any vocabulary you're not sure of. When you're ready, present it to your partner, pausing between each item to give them time to respond. Bear in mind that certain items in your counter-proposal could be unrealistic, so you may get some negative responses!

1 Shelf space

Total shelf space in supermarkets is limited and suppliers fight to get as much as they can for their products. You've currently allocated 30% of your premium fruit juice section to Frooticious. If you increased this, your other suppliers would complain. BSA is not your number one supplier. You source most of your fruit juices from Florida, although adverse weather conditions have affected their output this year, so you can't afford to alienate BSA, who you may need in the immediate future. What you could do is move Frooticious to end-of-aisle shelves, where people expect to find special offers, or to where BSA's bestselling economy brands are currently located, so that people looking for those would see the new product and perhaps try it.

2 Slotting fees

This is the money manufacturers pay to supermarkets to reserve shelf space for them in preference to rival brands. BSA is currently paying you $25,000 in fees for each of their economy-brand juices and $100,000 for Frooticious. This may sound a lot, but $250,000 in slotting fees is not unusual for new and risky products. Some people think slotting fees are unfair, but, if a product does not sell well, they help to offset the substantial loss the supermarket would otherwise make.

3 Pricing strategy

Supermarkets' standard margin on most of the products they stock is 25%. If they pay 75¢ for a product, they expect to charge their customers around $1. At the moment, the wholesale price for Frooticious is $1.50 per 100ml carton and it retails at $1.99. But if sales do not improve and BSA wants you to continue to stock it, you think you'll have to increase that margin to 35%. That will push the retail price well over the two-dollar threshold, but perhaps that can't be helped.

4 Product promotion

You have found limited two-for-the-price-of-one offers to be very successful in launching new products. In fact, you believe this to be a more effective way of arousing customer interest than expensive point-of-purchase promotions. Of course, you would expect BSA to fund this kind of special offer.

5 Recycling charge

Unfortunately, since J-Mart agreed terms with BSA for the stocking of Frooticious, the company has introduced a new countrywide recycling charge as part of its new social responsibility programme. Suppliers that use a lot of packaging in their products (as BSA does) are now required to pay a fee amounting to 1% of the retail price on every product sold. The new charge is mandatory.

6A Exploring interests

7 After thinking a minute, she opens wide a window in the next room, bringing in fresh air without a draught.

6A Exploring interests

11 THE OVERDUE REPORT

Speaker 2

You are the top research chemist within your unit at a multinational biotech company. For the past two and a half months you've been working on a report concerning an important project you're leading – the Zantium Project. You originally asked your boss, Speaker 1, for four months to compile the report, but were told it had to be ready in three. When you were offered the assistance of a colleague, Dr Ramón Jimenez, to help you complete it faster, you flatly refused. Oh, no. This project is your baby and Jimenez has tried to take some of the credit for your work before.

Anyway, in spite of working around the clock to get the report finished, sacrificing your home life and working yourself to the point of exhaustion, you know there's no way you're going to be ready by the deadline in two weeks. In fact, you really need at least another six to get everything done. Then first thing this morning you bumped into Jimenez at the coffee machine and he had this to say:

Hi there! Can I get you a coffee? I suppose you've heard the news about the Zantium report. No? Really? Well, I guess you will soon. Looks like we're going to be working together, after all. Yeah. I understand you're having some problems getting the report completed on time – is that right? What a shame, after all the work you've put into it! Anyway, no problem. Leave it to me. I've been reading up on your research and, actually, I have a few improvements to suggest. Looking forward to working with you!

You're furious, but resist the temptation to call your boss because you know you're so badly behind schedule. In any case, you're sure they'll phone you any minute, so be ready to take the call and decide how you're going to respond. Remember, Project Zantium is yours!

6B Exploring interests

6 **Speaker 2**

You are a serial entrepreneur who hasn't yet hit the big time. Your latest venture is Hoozhoo.com, a company that runs a social networking website similar to Facebook. The business is just about surviving, but your tele-sales team is not managing to attract sufficient advertising revenue. As Hoozhoo membership is free, selling advertising space is your main income stream. If you don't turn this situation around soon, you could run out of cash.

Yesterday, you found out that your sales manager, Garth, has been running his own small business on company time, using your office facilities. So you fired him on the spot and then panicked, wondering who you were going to replace him with. You need somebody immediately. Looking through the sales performance figures, you see that one salesperson has massively outsold all the others. They've only been with the company 12 months, but you decide to give them a try and offer them the job.

You are going to negotiate the pay package with your prospective new sales manager. Prepare for the meeting by looking at your position on the next page and deciding where you will open the negotiation on each point. When it comes to figures, remember to start off by offering a bit less than you would agree to. But don't be too inflexible – you need a good sales manager and fast!

Also, pictured below, are some of the reasons why you are taking this position in the negotiation. You can decide to reveal these or not. They may help you explain your position. Also try to find out your opponent's interests and be prepared to generate creative options to satisfy them. Negotiate wisely. The person you're promoting is, at the very least, a great salesperson.

Ideally, you'd like to have hired someone with an MBA. You see this post as requiring managerial as much as sales skills. And you do, in fact, have a good friend who runs the local business school, but he told you: 'No self-respecting MBA is going to accept a starting salary of $40,000!'

YOUR NEGOTIATING POSITION

1 Your new manager is currently earning just $30,000 (plus a small commission). This doesn't seem like a lot, but they don't have much experience. You were paying Garth $50,000, but that was obviously too much. You think maybe $40,000 would be acceptable.

2 You don't like the idea of paying bonuses, but are considering making the salaries more commission-based to boost motivation.

3 You expect 110% commitment from your new manager. Their hours will have to go up from 45 to 50 per week.

4 If your business does as well as you hope and you go public, you could offer the right person free shares in the company to stay on.

Garth had his own office, but you think the new manager should work more closely alongside the rest of the team in the modular office you had installed. You also think just calling the new sales manager 'team leader' might create a more collaborative atmosphere.

COLLECTION DEMAND LETTER

that you are in default under the terms o
'or failure to make the payments due the

By putting most of your earnings back into the business, you've built up some substantial debts. You can't afford to pay some financial consultant to come in and sort things out, so you have to make savings where you can. Fortunately, your partner, a vet, makes pretty good money.

You certainly can't afford to be too generous with salaries right now. To pay back some of your mounting debts, you're even having to sell your second car, a 2008 BMW Z4 roadster. You've got it on eBay for $16,000 (it's done quite a lot of miles), but so far the highest bid has been $8,000. You'd take $10,000.

7A The bargaining zone

12 THE HIT LIST

How did you do?

1 Hopefully, you reached a deal without conceding either of your have-to-gets. Bad news if you had to make any concessions here!

2 If you got two of your intend-to-gets, you did very well. If you got three or more, you did brilliantly!

3 Did you make sure you attached a condition (however small) to every offer you made?

4 How many of your tradeables did you have to use to get the terms you wanted? Remember, just because they are tradeable doesn't mean you should give them away too easily.

5 If you were both satisfied with the deal you got, compare H.I.T. lists with your partner and see if you could have done better.

6 If you failed to reach an overall agreement, then compare H.I.T. lists and see if there were any opportunities for trade-offs and bargaining which you missed.

7B The bargaining zone

8 THE ANTIQUES MARKET

Speaker 2

You are a keen collector of antiques wandering around a flea market. You've been looking for a Japanese vase for some time and really like the one you see on this stall. You quite like a few of the other things on the stall as well – some of them would make nice presents for friends and family. You've set yourself a budget of £1,000, but hopefully you can get what you want for less than that. The articles on display are all priced, but decide before you speak to the stallholder what your opening, target and reservation points are.

Negotiating tactics you could try:

- don't show too much initial interest in the vase
- look a bit surprised when you hear some of the prices
- later on, pretend you thought something was cheaper than it is
- point out how the articles are not *exactly* what you were looking for
- pretend you've seen similar articles for less
- pretend you don't have enough money on you
- say you'll think about it and look as if you might leave.

But be careful not to miss out on a bargain!

7C The bargaining zone

2 THE FIFTY-DOLLAR BILL

Speaker 2 (Diner)

Your little experiment didn't work. The service during your meal was nothing special – adequate, but no more. Clearly, your waiter/waitress was just expecting you to hand over the other half of the $50 bill anyway. When your guest leaves the room, call the person who served you over, express your dissatisfaction and offer them the standard $30 tip if they'll give you their half of the $50 back. Obviously, you could afford to give them the $50 – it's all on expenses, anyhow – but that's not the point. People need to learn you have to earn your rewards in life! Call the waiter/waitress over and tactfully explain.

7C The bargaining zone

5 THE CELEBRITY ENDORSEMENT CONTRACT

Team 2

You are the agent and legal team for Jariya Mookjai, a 23-year-old Thai actress who over the last two years has become a Hollywood sensation, with leading roles in high-profile romantic and martial arts movies. You have been approached by the Archer Group, an international consortium of property developers and entertainment companies who are currently building The Elysium Resort, a hotel and leisure complex in Bangkok. The development, which includes restaurants, nightclubs, casinos, 3-D cinemas, fitness suites and dance studios, is aimed at the young professional sector and they would like Jariya to sign an endorsement contract to become the official face of Elysium.

Jariya is known to be excited about the deal, but you must make sure you negotiate the best terms for her. Decide now what your BATNA is.

Here are your main target points for the negotiation. Work out what your opening and reservation points are for each.

	Opening point	Target point	Reservation point
1 Duration of endorsement contract	..... year(s)	3 years	..... years*
2 Fixed endorsement fee (paid annually)	$.....	$1,000,000	$.....
3 Compensation for personal appearances	$.....	$100,000	$.....
4 No. of personal appearances annually	.....	4	.....**
5 Appearance in advertising campaign	$.....	$1,000,000	$.....***

*Jariya is quite young and does not want to be locked into an agreement for too long.
** Jariya does not want her busy filming schedule to be interrupted too much.
*** Two one-minute commercials per year for TV, cinema and internet broadcast.

Here are the other key variables in your H.I.T. list for the negotiation. Decide which are 'have to gets', which are 'intend to gets' and which, if any, are 'tradeables'.

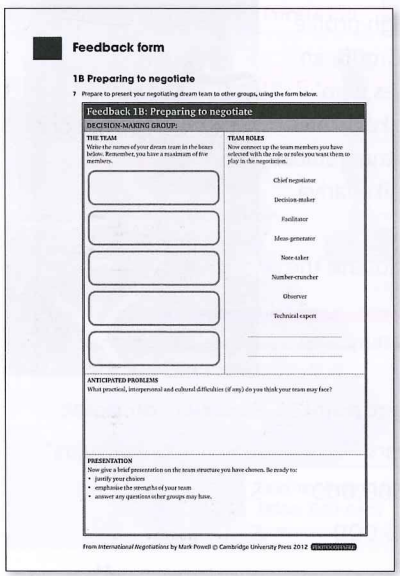
	H, I or T?
6 Right to cancel personal appearances at the resort with 4 weeks' notice if they clash with film schedules	☐
7 Right to veto the use of any publicity photos or videos involving Jariya which do not meet with her approval	☐
8 Unlimited free use of resort facilities for Jariya, her personal team (six people) and up to 12 guests, inc. several exotic pets	☐
9 Jariya currently has a $200,000 endorsement contract with a chain of martial arts and fitness clubs (due for renewal in six months)	☐
10 Jariya is a strict vegetarian and doesn't want to directly promote any restaurants at the resort that serve meat or fish	☐

Online feedback forms

As you work through *International Negotiations* you'll be given frequent opportunities to practise your existing negotiation skills and try out new ones. Each training session culminates in a longer speaking activity and, ideally, these should be audio-recorded or filmed for feedback.

On the dedicated website (http://www.cambridge.org/elt/internationalnegotiations), you'll find detailed feedback forms for each module of the course, which you can print out for use – see thumbnails below.

Keep a record of your performance throughout the course and you'll be able to monitor your progress and establish where your personal strengths as a negotiator lie. These, of course, are what you should draw on every time you negotiate.



Feedback form

1B Preparing to negotiate

7 Prepare to present your negotiating dream team to other groups, using the form below.

Feedback 1B: Preparing to negotiate

DECISION-MAKING GROUP:

THE TEAM
Write the names of your dream team in the boxes below. Remember, you have a maximum of five members.

TEAM ROLES
Now connect up the team members you have selected with the role or roles you want them to play in the negotiation.

Chief negotiator
Decision-maker
Facilitator
Ideas-generator
Note-taker
Number-cruncher
Observer
Technical expert

ANTICIPATED PROBLEMS
What practical, interpersonal and cultural difficulties (if any) do you think your team may face?

PRESENTATION
Now give a brief presentation on the team structure you have chosen. Be ready to:
- justify your choices
- emphasise the strengths of your team
- answer any questions other groups may have.

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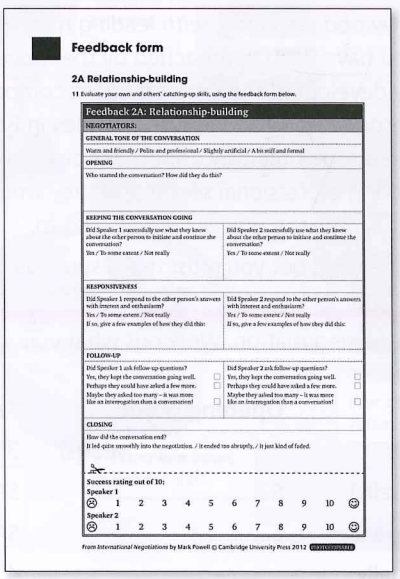

Feedback form

2A Relationship-building

11 Evaluate your own and others' catching-up skills, using the feedback form below.

Feedback 2A: Relationship-building

NEGOTIATORS:

GENERAL TONE OF THE CONVERSATION
Warm and friendly / Polite and professional / Slightly artificial / A bit stiff and formal

OPENING
Who started the conversation? How did they do this?

KEEPING THE CONVERSATION GOING
Did Speaker 1 successfully use what they knew about the other person to initiate and continue the conversation?
Yes / To some extent / Not really

Did Speaker 2 successfully use what they knew about the other person to initiate and continue the conversation?
Yes / To some extent / Not really

RESPONSIVENESS
Did Speaker 1 respond to the other person's answers with interest and enthusiasm?
Yes / To some extent / Not really
If so, give a few examples of how they did this:

Did Speaker 2 respond to the other person's answers with interest and enthusiasm?
Yes / To some extent / Not really
If so, give a few examples of how they did this:

FOLLOW-UP
Did Speaker 1 ask follow-up questions?
Yes, they kept the conversation going well. ☐
Perhaps they could have asked a few more. ☐
Maybe they asked too many – it was more like an interrogation than a conversation! ☐

Did Speaker 2 ask follow-up questions?
Yes, they kept the conversation going well. ☐
Perhaps they could have asked a few more. ☐
Maybe they asked too many – it was more like an interrogation than a conversation! ☐

CLOSING
How did the conversation end?
It led quite smoothly into the negotiation. / It ended too abruptly. / It just kind of faded.

Success rating out of 10:
Speaker 1
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Speaker 2
☹ 1 2 3 4 5 6 7 8 9 10 ☺

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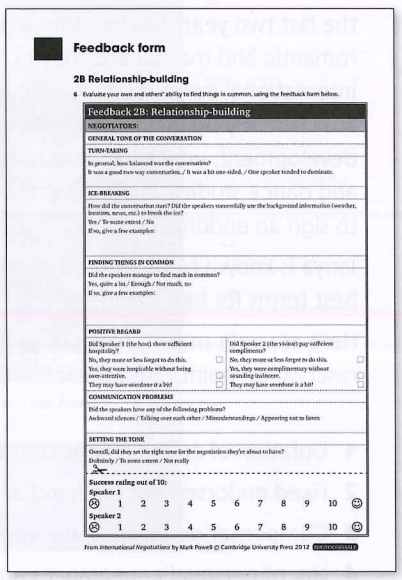

Feedback form

2B Relationship-building

6 Evaluate your own and others' ability to find things in common, using the feedback form below.

Feedback 2B: Relationship-building

NEGOTIATORS:

GENERAL TONE OF THE CONVERSATION

TURN-TAKING
In general, how balanced was the conversation?
It was a good two-way conversation. / It was a bit one-sided. / One speaker tended to dominate.

ICE-BREAKING
How did the conversation start? Did the speakers successfully use the background information (weather, location, news, etc.) to break the ice?
Yes / To some extent / No
If so, give a few examples:

FINDING THINGS IN COMMON
Did the speakers manage to find much in common?
Yes, quite a lot / Enough / Not much, no
If so, give a few examples:

POSITIVE REGARD
Did Speaker 1 (the host) show sufficient hospitality?
No, they more or less forgot to do this. ☐
Yes, they seem hospitable without being over-attentive. ☐
They may have overdone it a bit! ☐

Did Speaker 2 (the visitor) pay sufficient compliments?
No, they more or less forgot to do this. ☐
Yes, they were complimentary without sounding insincere. ☐
They may have overdone it a bit! ☐

COMMUNICATION PROBLEMS
Did the speakers have any of the following problems?
Awkward silences / Talking over each other / Misunderstandings / Appearing not to listen

SETTING THE TONE
Overall, did they set the right tone for the negotiation they're about to have?
Definitely / To some extent / Not really

Success rating out of 10:
Speaker 1
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Speaker 2
☹ 1 2 3 4 5 6 7 8 9 10 ☺

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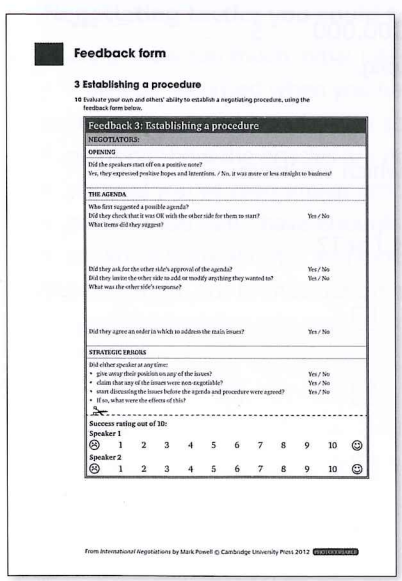

Feedback form

3 Establishing a procedure

10 Evaluate your own and others' ability to establish a negotiating procedure, using the feedback form below.

Feedback 3: Establishing a procedure

NEGOTIATORS:

OPENING
Did the speakers start off on a positive note?
Yes, they expressed positive hopes and intentions. / No, it was more or less straight to business!

THE AGENDA
Who first suggested a possible agenda?
Did they check that it was OK with the other side for them to start? Yes / No
What items did they suggest?

Did they ask for the other side's approval of the agenda? Yes / No
Did they invite the other side to add or modify anything they wanted to? Yes / No
What was the other side's response?

Did they agree an order in which to address the main issues? Yes / No

STRATEGIC ERRORS
Did either speaker at any time:
- give away their position on any of the issues? Yes / No
- claim that any of the issues were non-negotiable? Yes / No
- start discussing the issues before the agenda and procedure were agreed? Yes / No
- If so, what were the effects of this?

Success rating out of 10:
Speaker 1
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Speaker 2
☹ 1 2 3 4 5 6 7 8 9 10 ☺

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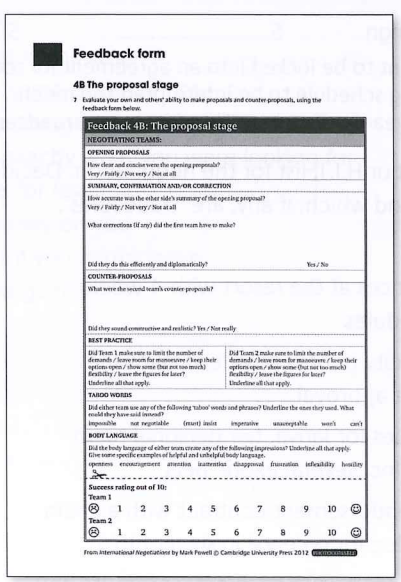

Feedback form

4B The proposal stage

7 Evaluate your own and others' ability to make proposals and counter-proposals, using the feedback form below.

Feedback 4B: The proposal stage

NEGOTIATING TEAMS:

OPENING PROPOSALS
How clear and concise were the opening proposals?
Very / Fairly / Not very / Not at all

SUMMARY, CONFIRMATION AND/OR CORRECTION
How accurate was the other side's summary of the opening proposal?
Very / Fairly / Not very / Not at all

What corrections (if any) did the first team have to make?

Did they do this *efficiently* and diplomatically? Yes / No

COUNTER-PROPOSALS
What were the second team's counter-proposals?

Did they sound constructive and realistic? Yes / Not really

BEST PRACTICE
Did Team 1 make sure to limit the number of demands / leave room for manoeuvre / keep their options open / show some (but not too much) flexibility / leave the figures for last?
Underline all that apply.

Did Team 2 make sure to limit the number of demands / leave room for manoeuvre / keep their options open / show some (but not too much) flexibility / leave the figures for last?
Underline all that apply.

TABOO WORDS
Did either team use any of the following 'taboo' words and phrases? Underline the ones they used. What could they have said instead?
impossible not negotiable (must) insist imperative unacceptable won't can't

BODY LANGUAGE
Did the body language of either team create any of the following impressions? Underline all that apply. Give some specific examples of helpful and unhelpful body language.
openness encouragement attention inattention disapproval frustration inflexibility hostility

Success rating out of 10:
Team 1
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Team 2
☹ 1 2 3 4 5 6 7 8 9 10 ☺

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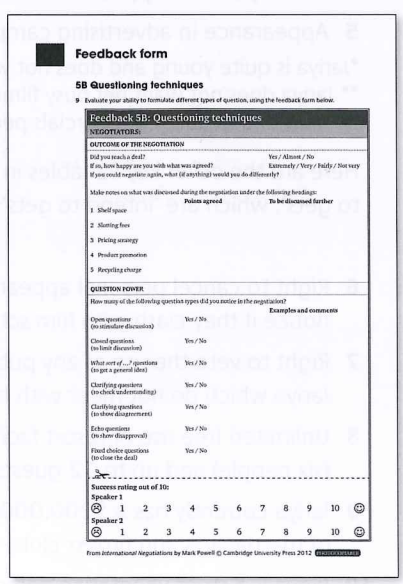

Feedback form

5B Questioning techniques

9 Evaluate your ability to formulate different types of question, using the feedback form below.

Feedback 5B: Questioning techniques

NEGOTIATORS:

OUTCOME OF THE NEGOTIATION
Did you reach a deal? Yes / Almost / No
If so, how happy are you with what was agreed? Extremely / Very / Fairly / Not very
If you could negotiate again, what (if anything) would you do differently?

Make notes on what was discussed during the negotiation under the following headings:

	Points agreed	To be discussed further
1 Shelf space		
2 Slotting fees		
3 Pricing strategy		
4 Product promotion		
5 Recycling charge		

QUESTION POWER
How many of the following question types did you notice in the negotiation?

		Examples and comments
Open questions (to stimulate discussion)	Yes / No	
Closed questions (to limit discussion)	Yes / No	
What sort of ...? questions (to get a general idea)	Yes / No	
Clarifying questions (to check understanding)	Yes / No	
Clarifying questions (to show disagreement)	Yes / No	
Echo questions (to show disapproval)	Yes / No	
Fixed choice questions (to close the deal)	Yes / No	

Success rating out of 10:
Speaker 1
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Speaker 2
☹ 1 2 3 4 5 6 7 8 9 10 ☺

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Feedback form

6A Exploring interests

11 Evaluate your ability to explore interests, using the feedback form below.

Feedback 6A: Exploring interests

NEGOTIATORS:

OUTCOME OF THE NEGOTIATION

Did the speakers resolve the problem of the unfinished report? Yes / Almost / No
If so, what did they agree on? Time to completion: Outside assistance:
Did they generate any creative options to reach agreement? Yes / No
If so, what?

Find out how happy the speakers are with what was agreed. Extremely / Very / Fairly / Not very
Ask them what (if anything) they would do differently if they could negotiate again.
Speaker 1:
Speaker 2:

TONE OF THE CONVERSATION

How did the tone of the conversation change over time?

AGGRESSIVE
NEUTRAL
CONSTRUCTIVE
0 2 mins 4 mins 6 mins 8 mins

POSITIONS versus INTERESTS

How much did Speaker 1 argue about positions as opposed to exploring interests?	How much did Speaker 2 argue about positions as opposed to exploring interests?
POSITIONS — INTERESTS	POSITIONS — INTERESTS
Can you plot any particular moments of breakdown or breakthrough on the timeline?	Can you plot any particular moments of breakdown or breakthrough on the timeline?
What was the tone of the conversation at those moments?	What was the tone of the conversation at those moments?

Success rating out of 10:
Speaker 1
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Speaker 2
☹ 1 2 3 4 5 6 7 8 9 10 ☺

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Feedback form

6B Exploring interests

6 Evaluate your ability to explore interests, using the feedback form below.

Feedback 6B: Exploring interests

NEGOTIATORS:

NEGOTIATION STYLE (See page 68 6A Exercise 9 if you want to check the meaning of 'distributive' and 'integrative' styles of negotiating.)

What negotiation style did you adopt?	What style did your counterpart adopt?
DISTRIBUTIVE — INTEGRATIVE	DISTRIBUTIVE — INTEGRATIVE
How effective was this?	How effective was this?

OUTCOME OF THE NEGOTIATION

Did you reach an agreement? Yes / Almost / No
How happy are you with what was agreed? Extremely / Very / Fairly / Not very
If you could negotiate again, what (if anything) would you do differently?

Make notes on what was discussed during the negotiation under the following headings:

	Points agreed	To be discussed further
1 Annual salary		
2 Working hours		
3 Commission		
4 Performance bonus		
5 Own office		
6 Holiday entitlement		
7 Share options		

INTERESTS AND OPTIONS

How skilful were you at uncovering each other's underlying interests and generating options?

What did you find out about …		How did you integrate these interests?
further qualifications?		
financial constraints?		
office preference?		
car problems?		
a house move?		
a sick pet?		
anything else?		

Success rating out of 10:
Me
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Counterpart
☹ 1 2 3 4 5 6 7 8 9 10 ☺

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Feedback form

7A The bargaining zone

12 Evaluate your ability to set conditions and trade concessions, using the feedback form below. Then compare results with other pairs.

Feedback 7A: The bargaining zone

NEGOTIATORS:

OUTCOME OF THE NEGOTIATION

Did you reach an agreement? Yes / Almost / No
How happy are you with what was agreed? Extremely / Very / Fairly / Not very
Did you remember to attach conditions to every offer you made? Yes / No
If you could negotiate again, what (if anything) would you do differently?

Make notes on what was discussed during the negotiation under the following headings:

	Agreed	To be finalised
1 Unit price		
2 Delivery time		
3 Terms of delivery (FOB, CFR or CIF)		
4 Payment terms (credit, interest)		
5 Guarantee		
6 Custom paint		
7 Exclusivity clause (future orders)		

COMPARATIVE PERFORMANCE

How did you perform in terms of your H.I.T. list of objectives?	How did your counterpart perform in terms of their H.I.T. list of objectives?
Have-to-gets (plus 2 points each) ______ out of two	Have-to-gets (plus 2 points each) ______ out of two
Intend-to-gets (plus 3 points each) ______ out of four	Intend-to-gets (plus 3 points each) ______ out of four
Tradeables (minus 1 point each) ______ out of three	Tradeables (minus 1 point each) ______ out of three
Turn to page 107 in the book to evaluate your performance further.	Turn to page 107 in the book to evaluate their performance further.

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Feedback form

7B The bargaining zone

8 Evaluate your ability to bargain, using the feedback form below. Then compare results with other pairs.

Feedback 7B: The bargaining zone

NEGOTIATORS:

OUTCOME OF THE NEGOTIATION		COMPARATIVE PERFORMANCE			
Make a note below of any sales and/or purchases made and the final price paid:		Now share information with your counterpart about your goals and expectations:			
1 Crystal decanter	£	Buyer / Seller	OP / Purchase price	TP / TP	RP / RP
2 Mask	£	Buyer / Seller	OP / Purchase price	TP / TP	RP / RP
3 Tankard	£	Buyer / Seller	OP / Purchase price	TP / TP	RP / RP
4 Porcelain vase	£	Buyer / Seller	OP / Purchase price	TP / TP	RP / RP
5 Brass candlesticks	£	Buyer / Seller	OP / Purchase price	TP / TP	RP / RP
6 Wooden horses	£	Buyer / Seller	OP / Purchase price	TP / TP	RP / RP
7 Porcelain bowl	£	Buyer / Seller	OP / Purchase price	TP / TP	RP / RP
8 Leather-bound books	£	Buyer / Seller	OP / Purchase price	TP / TP	RP / RP
9 Silver bracelets	£	Buyer / Seller	OP / Purchase price	TP / TP	RP / RP
TOTAL COST	£				
How happy are you with the deals you made? Very / Fairly / Not very / Not at all. If you're not happy, why did you make them?		Are you still as happy with the deals you made? Actually, I'm happier / Yes / No			

NEGOTIATING TRICKS AND TACTICS

Tick off any buyer tactics used in the negotiation. How successful were they?		Successful?	Tick off any seller tactics used in the negotiation. How successful were they?		Successful?
Didn't look too interested	☐	Yes / No	Asked the customer questions	☐	Yes / No
Showed surprise at prices	☐	Yes / No	Gave product information	☐	Yes / No
Claimed they'd seen cheaper	☐	Yes / No	Looked shocked at low offers	☐	Yes / No
Pretended to mishear price	☐	Yes / No	Pretended to have better offer	☐	Yes / No
Pretended not to have money	☐	Yes / No	Inflated the price they'd paid	☐	Yes / No
Appeared ready to leave it	☐	Yes / No	Bundled different products	☐	Yes / No

Success rating out of 10:
Buyer
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Seller
☹ 1 2 3 4 5 6 7 8 9 10 ☺

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Feedback form

7C The bargaining zone

2 Evaluate your own and others' ability to 'think outside the box', using the feedback form below. Then compare results with other pairs.

Feedback 7C: The bargaining zone

NEGOTIATORS:

OUTCOME OF THE NEGOTIATION

How big a tip was given at the end of the negotiation?

$0 — $30 — $50 COMPROMISE ZONE

Is this what the negotiation was really about?

THINKING OUTSIDE THE BOX

Was Speaker 1 (the waiter/waitress) able come up with any ideas to prevent this remaining a single-issue negotiation? Yes / No	Was Speaker 2 (the diner) able to come up with any ideas to prevent this remaining a single-issue negotiation? Yes / No
If so, what?	If so, what?

USE OF EMOTION

Did you notice any of the following during the conversation? Tick all that apply.

Appeals to fairness	☐	Sarcasm	☐
Accusations of inconsistency	☐	Threats	☐
Excuses and self-justification	☐	Apologies and admissions	☐
Criticisms	☐	Offers to make amends	☐
Logical arguments	☐	Promises	☐
Insults	☐	Offers to compromise	☐

How many of these (if any) were helpful? How did they help?

Success rating out of 10:
Speaker 1
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Speaker 2
☹ 1 2 3 4 5 6 7 8 9 10 ☺

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Feedback form

7C The bargaining zone

5 Evaluate your ability to bargain and create value, using the feedback form below. Then compare results with other teams.

Feedback 7C: The bargaining zone

NEGOTIATING TEAMS:

MAIN OUTCOMES OF THE NEGOTIATION

Did you reach an agreement? Yes / Almost / No
How happy are you with what was agreed? Extremely / Very / Fairly / Not very
If you could negotiate again, what (if anything) would you do differently?

Make a note of the terms which were agreed or about which you were close to agreement:
1 Duration of endorsement contract ______ years / To be finalised (in the region of ______ years)
2 Fixed endorsement fee PA $ ______ / To be finalised (in the region of $ ______)
3 Compensation for personal appearances $ ______ / To be finalised (in the region of $ ______)
4 Number of personal appearances PA ______ / To be finalised (in the region of ______)
5 Appearance in advertising campaign $ ______ / To be finalised (in the region of $ ______)

COMPARATIVE PERFORMANCE ON MAIN ISSUES

Who came closest to their target point on each of the main issues?
1 Team 1 / Team 2 / We did equally well
2 Team 1 / Team 2 / We did equally well
3 Team 1 / Team 2 / We did equally well
4 Team 1 / Team 2 / We did equally well
5 Team 1 / Team 2 / We did equally well

Are you as happy with the deal now you can see how well you did in relation to the other team?
Happier / Same as before / Less happy

Are there are any issues on which you failed to reach agreement where you can now see that agreement should have been possible?

OTHER KEY VARIABLES

Which team secured the most have-to-gets? Team 1 / Team 2 / We did equally well
Which team secured the most intend-to-gets? Team 1 / Team 2 / We did equally well
Which team conceded the most tradeables? Team 1 / Team 2 / We did equally well

Does this make you feel better or worse about the overall result you got?

CREATIVE OPTIONS

Did you generate any creative options of your own to secure a deal? Yes / No
If so, what were they and how did they help?

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Feedback form

8A Powers of persuasion

11 Evaluate your own and others' ability to be persuasive, using the feedback form below.

Feedback 8A: Powers of persuasion

NEGOTIATORS:

OUTCOME OF THE NEGOTIATIONS	PERSUASION TACTICS	
Briefly note down what (if anything) was agreed between:	Match up the speakers to the tactics they used most:	
Speakers 1 and 2	Speaker 1	THREAT
Speakers 2 and 3	Speaker 2	FLATTERY
Speakers 3 and 4	Speaker 3	PRESSURE
Speakers 4 and 1	Speaker 4	MOTIVATION
	Were any of the tactics above especially effective or ineffective? Why?	

PERSUASIVE LANGUAGE

If you can play back extracts from the conversations, count how often the speakers used some of the persuasive language you've been studying.

	Speaker 1	Speaker 2	Speaker 3	Speaker 4
The other speaker's name				
'Please' and 'Thank you'				
'Because'				
Stressed auxiliary verbs				
Intensifiers				
Negative question forms				
Control phrases (e.g. It's up to you, Your choice, OK?)				

Success rating out of 10:
Speaker 1
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Speaker 2
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Speaker 3
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Speaker 4
☹ 1 2 3 4 5 6 7 8 9 10 ☺

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Feedback form

9B Handling breakdowns

7 Evaluate your partners' ability to handle breakdown, using the feedback form below.

Feedback 9B:Handling breakdowns

NEGOTIATORS:

SCENARIO

Which scenario were the two speakers you observed involved in?
The subcontract / The bad debt / The reorganisation programme

OUTCOME OF THE NEGOTIATION	RENEGOTIATED PACKAGE
How close were they to resolving the issue by the end of the negotiation?	Note down what the renegotiated package included:
They'd resolved it	•
They'd almost resolved it	•
There was a lot of progress	•
There was some progress	•
There was no real progress	•
The situation was even worse!	•

RESCUE STRATEGIES			DIPLOMATIC LANGUAGE
Tick off the strategies one or more of the speakers adopted to rescue the situation:	Speaker 1	Speaker 2	Try to note down one good example of each different type of diplomatic language used during the negotiation:
Summarise the situation	☐	☐	Modals (*may, might, could*, etc.)
Focus on the key problem	☐	☐	Qualifiers (*slight, a little, rather*, etc.)
Defer making a decision	☐	☐	Softeners (*I'm afraid, to be honest*, etc.)
Introduce a new variable	☐	☐	Adverbials (*not very, not exactly*, etc.)
Change perspective	☐	☐	Inability phrases (*unable, not in a position*, etc.)
Do a trade-off	☐	☐	Progressive aspect (*was / were / had been …-ing*)
Compromise	☐	☐	Passive voice (*We were led to believe*, etc.)
Call for a time-out	☐	☐	Seem / Appear (*You don't seem to …*, etc.)
Suggest mediation	☐	☐	
How successful were these strategies? Give one or two examples.			

Success rating out of 10:
Speaker 1
☹ 1 2 3 4 5 6 7 8 9 10 ☺
Speaker 2
☹ 1 2 3 4 5 6 7 8 9 10 ☺

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Mark Powell

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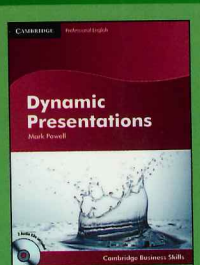

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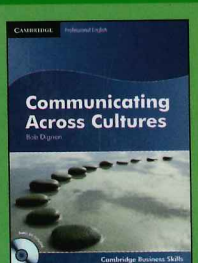

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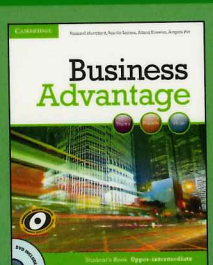

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