



Unit 2

Preparing For Negotiations

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Recognize the importance of preparing for the negotiation process, regardless of the circumstances.
- ✓ Identify the various negotiation styles and their advantages and disadvantages.

Unit 2

Preparing for Negotiation

Getting Started

Before we go into any negotiating session, whether with family members, colleagues, or clients, there are essential steps we must take if we want a successful negotiation process.

Sometimes we are in the midst of negotiation without recognizing it. If this occurs, we have less chance to improve the outcome. If you have not thought of the transaction as a negotiation, and have not prepared, chances are the results will not be as beneficial for you as they might have been. Preparation is 80% of negotiating success.

During this session, we will look at some key elements of preparation.

- Identify your fears.
- Know your own hot buttons. What makes you react?
- Gather as much information as you can about the other party.
- Figure out your Walking Away Point (WAP) and Best Alternatives to a Negotiated Agreement (BATNA).
- Identify the Zone of Possible Agreement (ZOPA).

Later on this afternoon, we will look at how to:

- Gather your documentation.
- Set the time and place, if possible.

Managing Your Fear

Only our minds can produce fear. Sometimes the fear is justified, but at other times fear is a reflection of our state of mind and a projection of something within us that is not rational, but is real nonetheless.

Different writers categorize our most basic fears in different ways, but essentially, they are as follows.

Fear of Humiliation

Many of us were humiliated and made to feel ashamed or embarrassed when we were children, either because of the glasses or the clothes we wore, or dozens of other situations where other people laughed at us or

embarrassed us. When it comes time to negotiate, these early fears can resurface and raise our anxiety levels, and interfere with our ability to negotiate.

Fear of Failure

Many of us avoid situations where we think we could fail, so we never learn how far we can go or to overcome things that are serious challenges to us. We've accepted the truth that if we never try, it is impossible to fail.

Fear of Rejection

Rejection comes in a hundred different ways, like being the last one picked for the softball team, not being asked to sit on the committee, or being turned down for a date. Maybe you never even asked for that date because you just knew you would be rejected, or you wanted to say "no" before someone had the chance to reject you first. You feel inadequate, and this can be further fed if the other party in negotiation rejects anything that you offer.

There's More!

Other fears you may be familiar with include fear of abandonment, fear of endless obligation, fear of being wrong, or fear of punishment.

Conquer your fears a little bit at a time. If you don't like the outcome, what can you learn from the experience? Give yourself permission to try things, to look awkward, and to make mistakes. As the saying goes, "Keep on doing what you've always done and you'll keep on getting what you've always got." Growth and development rarely come without some discomfort.

Growing and Improving

There are only three ways to improve your negotiating skills:

- Find out what is working and do more of it.
- Find out what isn't working and stop doing it.
- Try new things and see which ones work and which ones don't.

All three of these things come about because you actually are negotiating.

Personal Preparation

Before you get into a tough negotiation situation, there are some things that you can do to prepare yourself mentally. It's often difficult to look at ourselves critically, but it's much better to do it yourself first than to have someone else do it for you.

Do you know things about yourself that are true, but that you would prefer to avoid? When people make comments about things that we are ashamed of or that we try to deny, we say that they are "pushing our buttons."

Some examples of statements that can push our hot buttons are:

- "When did you become a race car driver?" (criticizing our driving)
- "Are you sure you should be eating that?" (criticizing our diet)
- "You don't belong here." (insulting our membership in a group)

Depending on how well you have accepted your own shortcomings, and how you respond to people's comments, you may have more or fewer hot buttons at different times of your life. A lazy Saturday afternoon that is interrupted by someone saying, "You never do anything around the house," can push a lazy button and a guilt button. You may start thinking, "Should I be cleaning that bathroom right now?" or, "I knew I should have vacuumed before I sat down!"

When you know what your own personal hot buttons are, you can prepare for them and then control your reactions. One technique that negotiators may use is to try to say things that will fluster their partner. Once you are flustered, you could be more likely to give in to their demands or overlook something that they try to slip into an agreement. Know what pushes your buttons, and you could save yourself some grief in the negotiation process.

In the space below, write down some of your hot buttons and ways to respond when those buttons are pushed.

Hot Button	How I Can Respond

Researching Your Side

When doing research and preparing for negotiations, there are three important considerations:

- Collecting facts
- Knowing priorities
- Knowing principles

You need to collect all the direct and indirect information that you will need to back you up during negotiations. With access to information today, it is a much simpler task than ever to accumulate all kinds of data and statistics. For example, if you are preparing to purchase a vehicle or a house, plenty of information is available, such as comparable properties and prices. If you are preparing to negotiate a raise, or are negotiating salary increases at work, then comparable wage statistics, the history of the organization and its mission and values, their previous experiences in the collective bargaining process, and strategic plans are all important concepts to have at your fingertips.

Once you have collected and analyzed the information, you need to set out your plan for negotiation. You must know the issues involved and know what you want to achieve.

Determine your main objective.

What do you want to get out of the negotiation? Let's take a common scenario: you want to negotiate with your boss to get a raise.

Determine your supporting points.

What factors support your main objective? Using the raise example, perhaps you have taken on extra responsibility or projects. You will also want to research industry and company standards (such as when raises are given and what salary ranges for your position are).

Determine a fallback position.

What options other than a raise might you consider? More vacation, flexible hours, working from home, and company perks (like a cell phone or a vehicle) are just some of the options. You don't want to put these on the table right away, but they will give you a fallback position if your boss says there's no money in the budget for a raise.

Identify your Best Alternative To a Negotiated Agreement (BATNA) and Worst Alternative To a Negotiated Agreement (WATNA).

If your boss won't give you a raise, perhaps your best alternative would be the options you identified or a review in six months. The worst alternative in this case would be no action at all.

You should always do as much research as possible before identifying your BATNA. For example, let's say that you discover that there's a company in your area that has a similar position available to the one you're

currently doing, at a better salary. You apply for the job, get an interview, and are offered that position. If your boss won't agree to a raise, perhaps this offer is your BATNA.

Remember that the BATNA and WATNA don't have to be your main objective for the negotiation. They are a yardstick that you can use to measure offers and counter-offers.

Identify your WAP.

When you establish your priorities, make sure you have a clear understanding of your Walk Away Position (WAP). What is the least that you will accept (or the highest price that you are willing to pay)? Establish your WAP value in your mind and keep it clearly available so that you do not get caught up in the heat of negotiating, either ending up with something you never wanted, or turning down a deal that was better than your WAP. If you are negotiating on someone else's behalf, make sure that you know their WAP so that you do not make any mistakes in negotiating for them.

What Zone Of Possible Agreement (ZOPA) might exist?

It's also a good idea to analyze possible agreements before you get into a negotiation. The Zone of Possible Agreement (ZOPA) is an area of overlap where the desired outcomes of both parties reside, and where both parties can live with the outcome. Once you reach a ZOPA, the finer details need to be worked out within the scope of what both parties have already found is potentially working for them. For example, if your business forecasting allows for a 2% salary increase each year for the next three years, similar companies in your industry are offering the same, and you are asking for 7% over four years, then you may be within the ZOPA.

Case Study

Case Study

You and your best friend recently decided to become roommates and share a two-bedroom apartment. You are a freelance artist and you work from home. Because you spend more time at home, she feels that you should do more of the housework and pay a larger share of the power and water bills. This issue is causing significant strain on your relationship, so you decide to try to negotiate a solution.

Discussion Questions

What might be some of your hot buttons?

Determine your main objective.

Determine your supporting points.

Determine a fallback position.

Identify your Best Alternative To a Negotiated Agreement (BATNA) and Worst Alternative To a Negotiated Agreement (WATNA).

Identify your WAP.

What Zone Of Possible Agreement (ZOPA) might exist?

Researching the Other Side

Knowing priorities means having a good understanding of what you want from the negotiation. You also need to know what the other party wants. Understanding your principles, both as a negotiator and as an individual, will help you to form and present a case that is compelling and believable. Understanding the principles of the other party can also be very helpful to you. A little more research can help you to understand what the organization's beliefs are, how they have approached previous negotiations, what terms seem to be more important to them than others, and what terms they could be willing to be flexible with.

Some things you can explore about the negotiator:

- What is their business about?
- What are their competitors like?
- What is their stock like?
- What associations does the person belong to?
- What people do you both know?
- What hobbies does the person have?

Taking the earlier example of asking your boss for a raise, what are some things you may want to research about him/her and the company?

The Nuts and Bolts

Preparing Documentation

Always prepare your research in a professional format and bring it with you. It doesn't help your case if you look disorganized or unprepared. This can include your research about the other party, facts and figures, graphs, and photos to support your case. Ensure you have separate folders for confidential information and information you're going to share. Keep both sets of information with you at all times during the negotiation.

You should have an information sheet outlining your main objectives, supporting points, fallback position, BATNA, WATNA, WAP, and ZOPA.

Another powerful tool is to take documentation provided by the opponent and highlight parts that support your case. Continuing with the example of asking the boss for a raise, you may want to highlight the part of your contract that states you get a cost of living increase each year, or the company policy that states each employee gets a raise based on their years of service.

Setting the Time and Place

Once you've prepared, it's time to set up the negotiation meeting. If you can control the environment, you'll have a big advantage!

Home Field Advantage

The absolute best place to meet is somewhere that you feel comfortable – your office, your company's boardroom, or even your favorite coffee shop. The worst place is somewhere the party feels comfortable. Neutral ground would be a rented boardroom or a restaurant neither of you have visited before.

If at all possible, choose to meet on your home turf or somewhere neutral. Don't be afraid to negotiate where the negotiation will happen. If you must meet at the other party's location, neutralize the effects by standing up and moving around.

Choosing the Time

Likewise, if you're given the choice, choose a time of day that works best for you. Some people are their best in the morning; others are their best in the early afternoon.

Also, if someone proposes a negotiation time or date and you don't think you'll be ready in time, don't hesitate to tell them you need more time to prepare. Never allow yourself to be forced into negotiating early.

Other Factors

There are a number of other factors that can influence a negotiation. If, for example, it's summertime and everyone shows up in short sleeves, but you've got the boardroom air conditioning turned way up (and you're prepared with a sweater), you'll have an advantage. Some negotiators also feed the other party heavy food and drink so that they are encouraged to let their guard down.

We're not suggesting you try these tricks, but we do want to make sure you're aware of how the environment can affect a negotiation, and that you notice when someone is trying to pull them on you. Make sure you eat lightly before a negotiation and never drink alcohol. (You should also minimize your caffeine and sugar intake.) Dress in layers so that you can adjust to the temperature of the room.

Case Study

Case Study

You and your best friend recently decided to become roommates and share a two-bedroom apartment. You are a freelance artist and you work from home. Because you spend more time at home, she feels that you should do more of the housework and pay a larger share of the power and water bills. This issue is causing significant strain on your relationship, so you decide to try to negotiate a solution.

Discussion Questions

What documentation might you want to bring?

What would be your home turf?

What would be neutral ground?

What would be your roommate's home turf?

Further Reading:

- ✓ Fisher, Roger, Bruce Patton, and William Ury. *Getting to Yes (Revised Edition)*. Penguin, 2011.
- ✓ Harvard Business School. *Harvard Business Essentials Guide to Negotiation*. Harvard Business School Publishing, 2003.