



SUCCESSFUL NEGOTIATIONS

Instructor Guide



West Virginia Department of Transportation
Division of Highways
Training & Development Section 2015

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Workshop Objectives

By the end of this workshop you will be able to:

- Identify your negotiation style
- Identify the three phases of negotiation
- Identify the key skills for negotiation
- Establish your best alternative to a negotiated agreement
- Identify your zone of possible agreement
- Recognize your latitudes of acceptance and rejection
- Identify your walk-away price
- Create a negotiation framework
- Provide common negotiation outcomes

Introduction **Slide 1**

Although we usually think of boardrooms, lawsuits, and million-dollar deals when we hear the word “negotiation,” the truth is that we negotiate all of the time. Did you ever decide where to eat dinner with your friends? Have you ever decided on chore assignments with your family? Did you ever ask your boss for a raise? These are all situations which involve negotiating. In this workshop, you will learn the phases of negotiation, tools to use during negotiation, ways to build win-win situations for all involved, and how to use a process to negotiate more effectively.

FLIP CHART activity

What do you think are the characteristics of a successful negotiator?

Slide 1 Title Slide

Before starting the session take care of Step 1 on the agenda.

Introduce yourself and have participants introduce themselves. Take care of housekeeping items, such as where the restrooms are located, sign-sheet, snacks and breaks. Tell them if they need to take a call or text, to please step out of the classroom. Certificates will be distributed at the end of the session.

Slide 2 Have you ever...

If you answered yes to any of these questions, then you have participated in negotiation.

Slide 3 Body Language and How to Bargain and Negotiate video

Show the video and discuss.

Slide 4 To negotiate is to...

Review the items on the slide.

Slide 5 Dental Appointment video

Has your negotiation ever sounded like this?

Slide 5-6 Objectives

Review these objectives

Slide 7 What is your negotiation style?

Let's start the session by doing an exercise to help you identify your negotiation style.

ACTIVITY: Negotiation Style Exercise 1

**NEGOTIATING STYLE
SELF-ASSESSMENT**

The purpose of this self-assessment is to help you examine your personal negotiating style.

Negotiation – a process by which two parties communicate with each other in order to reach an outcome on which they mutually agree.

Directions

1. Answer all questions to the best of your ability. There are no right or wrong answers. Don't try to think of the "correct" or most "desirable" response, but simply respond with your honest reactions.
2. Respond by putting a check-mark or X in one column per question or statement.

<i>How likely are you to do each of the following when <u>NEGOTIATING</u>?</i>	Very Unlikely	Unlikely	Neither Likely nor Unlikely	Likely	Very Likely
1. I'll come up with a plan so that I can steer the negotiation to go my way.					
2. I'll do things expressly to make sure that the negotiation stays friendly and comfortable.					
3. I'll go out of my way to make sure that the outcome for the other person is fair.					
4. I'll do things so that both of us can get what we want from the negotiation.					
5. If something needs to be negotiated, I'll immediately step forward to do it.					
6. I'll give some in order to get some from the person I'm negotiating with.					
7. If the negotiation is not going my way, I'll bail out of the negotiation.					
8. I'll suggest creative solutions that allow both of us to get what we want from the negotiation.					
9. If it seems important for the other person to come out on top, I'll give in to them.					
10. I'll avoid difficult issues to keep the negotiation from getting nasty.					
11. If the other person compromises their position, I'll compromise my position in return.					

<i>How likely are you to do each of the following when NEGOTIATING?</i>	Very Unlikely	Unlikely	Neither Likely nor Unlikely	Likely	Very Likely
12. I'll make sure that both of our needs are understood so that both of us can come out on top.					
13. I'll present information when negotiating, even if it doesn't necessarily always support my position.					
14. I'll propose a place in the middle where we both can meet.					
15. I'll try to see things from the other person's viewpoint and be considerate of their needs.					
	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
16. In every negotiation, both sides have to give something up to get something in return.					
17. What's good for me is really all that matters when negotiating.					
18. I'll do almost anything to keep from having to engage in negotiation.					
19. In negotiating, someone wins and someone has to lose.					
20. The feelings of the other person that I'm negotiating with are important to me.					
21. Negotiation works better when the focus is on common agreement rather than differences.					
22. I can be aggressive when it comes to getting my way from a negotiation.					
23. When you compromise in a negotiation, you really just lose.					
24. If the other person gets a "raw deal" from our negotiation, that really doesn't matter to me.					
25. Keeping the comfort level high is very important to me when I'm negotiating.					

NEGOTIATING STYLE SELF-ASSESSMENT – Interpretation Guide

NEGOTIATING STYLE SELF-ASSESSMENT INTERPRETATION GUIDE

Competing - Negotiators that exhibit this style are results-oriented, self-confident, assertive, and are focused primarily on the bottom line, have a tendency to impose their views upon the other party, and in the extreme can become aggressive and domineering. This style is high in *Assertiveness* and low in *Cooperativeness*.

Avoiding - Negotiators that exhibit this style are passive, prefer to avoid conflict, make attempts to withdraw from the situation or pass responsibility onto another party, and fail to show adequate concern or make an honest attempt to get to a solution. This style is both low in *Assertiveness* and low in *Cooperativeness*.

Collaborating - Negotiators that exhibit this style use open and honest communication, focus on finding creative solutions that mutually satisfy both parties, are open to exploring new and novel solutions, and suggest many alternatives for consideration. This style is both high in *Assertiveness* and high in *Cooperativeness*.

Accommodating – Negotiators that exhibit this style make attempts to maintain relationships with the other party, smooth over conflicts, downplay differences, and are most concerned with satisfying the needs of the other party. This style is low in *Assertiveness* but high in *Cooperativeness*.

Compromising – Negotiators that exhibit this style aim to find the middle ground, often split the difference between positions, frequently engage in give and take tradeoffs, and accept moderate satisfaction of both parties' needs. This style is both moderate in *Assertiveness* and moderate in *Cooperativeness*.

Negotiating Styles Scoring Guide

I. Competing Style

In the table below, find the numerical score that corresponds to the column that you checked for each question. Enter that number to the left of the table for each question. *For example, if you checked the “Neither Likely nor Unlikely” column for question #1, you would enter a score of 3 next to Q1.*

QUESTION SCORE	Very Unlikely	Unlikely	Neither Likely nor Unlikely	Likely	Very Likely
Q1: _____	1	2	3	4	5
Q7: _____	1	2	3	4	5

QUESTION SCORE	Very Unlikely	Unlikely	Neither Likely nor Unlikely	Likely	Very Likely
Q13: _____	5	4	3	2	1

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
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Q17: _____	5	4	3	2	1
Q22: _____	5	4	3	2	1

TOTAL: _____ (Add all scores) = Competing Score

TOTAL SCORE	INTERPRETATION
18 OR ABOVE	HIGH ON COMPETING STYLE – Compared to a national sample of students, your score falls in the top/fourth quartile (i.e., top 25%) of scores. This indicates that you strongly exhibit characteristics consistent with the <i>Competing</i> style.
16 TO 17	MODERATE TO HIGH ON COMPETING STYLE – Compared to a national sample of students, your score falls in the third quartile (i.e., between 50%-75%) of scores. This indicates that you moderately to strongly exhibit characteristics consistent with the <i>Competing</i> style. The higher your score is, the more strongly you exhibit characteristics consistent with the <i>Competing</i> style.
14 TO 15	MODERATE TO LOW ON COMPETING STYLE – Compared to a national sample of students, your score falls in the second quartile (i.e., between 25%-50%) of scores. This indicates that you moderately to weakly exhibit characteristics consistent with the <i>Competing</i> style. The lower your score is, the more weakly you exhibit characteristics consistent with the <i>Competing</i> style.
13 OR BELOW	LOW ON COMPETING STYLE – Compared to a national sample of students, your score falls in the bottom/first quartile (i.e., bottom 25%) of scores. This indicates that you only weakly exhibit characteristics consistent with the <i>Competing</i> style.

II. Avoiding Style

In the table below, find the numerical score that corresponds to the column that you checked for each question. Enter that number to the left of the table for each question. *For example, if you checked the “Likely” column for question #2, you would enter a score of 4 next to Q2.*

QUESTION SCORE	Very Unlikely	Unlikely	Neither Likely nor Unlikely	Likely	Very Likely
Q2: _____	1	2	3	4	5
Q10: _____	1	2	3	4	5

QUESTION SCORE	Very Unlikely	Unlikely	Neither Likely nor Unlikely	Likely	Very Likely
Q5: _____	5	4	3	2	1

QUESTION SCORE	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Q18: _____	5	4	3	2	1
Q25: _____	5	4	3	2	1

TOTAL: _____ (Add all scores) = Avoiding Score

TOTAL SCORE	INTERPRETATION
18 OR ABOVE	HIGH ON AVOIDING STYLE – Compared to a national sample of students, your score falls in the top/fourth quartile (i.e., top 25%) of scores. This indicates that you strongly exhibit characteristics consistent with the <i>Avoiding</i> style.
16 TO 17	MODERATE TO HIGH ON AVOIDING STYLE – Compared to a national sample of students, your score falls in the third quartile (i.e., between 50%-75%) of scores. This indicates that you moderately to strongly exhibit characteristics consistent with the <i>Avoiding</i> style. The higher your score is, the more strongly you exhibit characteristics consistent with the <i>Avoiding</i> style.
14 TO 15	MODERATE TO LOW ON AVOIDING STYLE – Compared to a national sample of students, your score falls in the second quartile (i.e., between 25%-50%) of scores. This indicates that you moderately to weakly exhibit characteristics consistent with the <i>Avoiding</i> style. The lower your score is, the more

	weakly you exhibit characteristics consistent with the <i>Avoiding</i> style.
13 OR BELOW	LOW ON AVOIDING STYLE – Compared to a national sample of students, your score falls in the bottom/first quartile (i.e., bottom 25%) of scores. This indicates that you only weakly exhibit characteristics consistent with the <i>Avoiding</i> style.

III. Collaborating Style

In the table below, find the numerical score that corresponds to the column that you checked for each question. Enter that number to the left of the table for each question. *For example, if you checked the “Unlikely” column for question #4, you would enter a score of 2 next to Q4.*

QUESTION SCORE	Very Unlikely	Unlikely	Neither Likely nor Unlikely	Likely	Very Likely
Q4: _____	1	2	3	4	5
Q8: _____	1	2	3	4	5
Q12: _____	1	2	3	4	5

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Q19: _____	1	2	3	4	5

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Q21: _____	5	4	3	2	1

TOTAL: _____ (Add all scores) = Collaborating Score

TOTAL SCORE	INTERPRETATION
21 OR ABOVE	HIGH ON COLLABORATING STYLE – Compared to a national sample of students, your score falls in the top/fourth quartile (i.e., top 25%) of scores. This indicates that you strongly exhibit characteristics consistent with the <i>Collaborating</i> style.
19 TO 20	MODERATE TO HIGH ON COLLABORATING STYLE – Compared to a national sample of students, your score falls in the third quartile (i.e., between 50%-75%) of scores. This indicates that you moderately to strongly exhibit characteristics consistent with the <i>Collaborating</i> style. The higher your score is, the more strongly you exhibit characteristics consistent with the <i>Collaborating</i> style.
17 TO 18	MODERATE TO LOW ON COLLABORATING STYLE – Compared to a national sample of students, your score falls in the second quartile (i.e., between 25%-50%) of scores. This indicates that you moderately to weakly exhibit characteristics consistent with the <i>Collaborating</i> style. The lower your score is, the more weakly you exhibit characteristics consistent with the <i>Collaborating</i> style.
16 OR BELOW	LOW ON COLLABORATING STYLE – Compared to a national sample of students, your score falls in the bottom/first quartile (i.e., bottom 25%) of scores. This indicates that you only weakly exhibit characteristics consistent with the <i>Collaborating</i> style.

IV. Accommodating Style

In the table below, find the numerical score that corresponds to the column that you checked for each question. Enter that number to the left of the table for each question. *For example, if you checked the “Very Unlikely” column for question #3, you would enter a score of 1 next to Q3.*

QUESTION SCORE	Very Unlikely	Unlikely	Neither Likely nor Unlikely	Likely	Very Likely
Q3: _____	1	2	3	4	5
Q9: _____	1	2	3	4	5
Q15: _____	1	2	3	4	5

QUESTION SCORE	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Q20: _____	5	4	3	2	1

QUESTION SCORE	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Q24: _____	1	2	3	4	5

TOTAL: _____ (Add all scores) = Accommodating Score

TOTAL SCORE	INTERPRETATION
19 OR ABOVE	HIGH ON ACCOMMODATING STYLE – Compared to a national sample of students, your score falls in the top/fourth quartile (i.e., top 25%) of scores. This indicates that you strongly exhibit characteristics consistent with the <i>Accommodating</i> style.
17 TO 18	MODERATE TO HIGH ON ACCOMMODATING STYLE – Compared to a national sample of students, your score falls in the third quartile (i.e., between 50%-75%) of scores. This indicates that you moderately to strongly exhibit characteristics consistent with the <i>Accommodating</i> style. The higher your score is, the more strongly you exhibit characteristics consistent with the <i>Accommodating</i> style.
15 TO 16	MODERATE TO LOW ON ACCOMMODATING STYLE – Compared to a national sample of students, your score falls in the second quartile (i.e., between 25%-50%) of scores. This indicates that you moderately to weakly exhibit characteristics consistent with the <i>Accommodating</i> style. The lower your score is, the more weakly you exhibit characteristics consistent with the <i>Accommodating</i> style.
14 OR BELOW	LOW ON ACCOMMODATING STYLE – Compared to a national sample of students, your score falls in the bottom/first quartile (i.e., bottom 25%) of scores. This indicates that you only weakly exhibit characteristics consistent with the <i>Accommodating</i> style.

V. Compromising Style

In the table below, find the numerical score that corresponds to the column that you checked for each question. Enter that number to the left of the table for each question. *For example, if you checked the “Very Likely” column for question #6, you would enter a score of 5 next to Q6.*

QUESTION SCORE	Very Unlikely	Unlikely	Neither Likely nor Unlikely	Likely	Very Likely
Q6: _____	1	2	3	4	5
Q11: _____	1	2	3	4	5
Q14: _____	1	2	3	4	5

QUESTION SCORE	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Q16: _____	5	4	3	2	1

QUESTION SCORE	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
Q23: _____	1	2	3	4	5

TOTAL: _____ (Add all scores) = Compromising Score

TOTAL SCORE	INTERPRETATION
20 OR ABOVE	HIGH ON COMPROMISING STYLE – Compared to a national sample of students, your score falls in the top/fourth quartile (i.e., top 25%) of scores. This indicates that you strongly exhibit characteristics consistent with the <i>Compromising</i> style.
18 TO 19	MODERATE TO HIGH ON COMPROMISING STYLE – Compared to a national sample of students, your score falls in the third quartile (i.e., between 50%-75%) of scores. This indicates that you moderately to strongly exhibit characteristics consistent with the <i>Compromising</i> style. The higher your score is, the more strongly you exhibit characteristics consistent with the <i>Compromising</i> style.
16 TO 17	MODERATE TO LOW ON COMPROMISING STYLE – Compared to a national sample of students, your score falls in the second quartile (i.e., between 25%-50%) of scores. This indicates that you moderately to weakly exhibit characteristics consistent with the <i>Compromising</i> style. The lower your score is, the more weakly you exhibit characteristics consistent with the <i>Compromising</i> style.
15 OR BELOW	LOW ON COMPROMISING STYLE – Compared to a national sample of students, your score falls in the bottom/first quartile (i.e., bottom 25%) of scores. This indicates that you only weakly exhibit characteristics consistent with the <i>Compromising</i> style.

VI. Assertiveness and Cooperativeness Indices

Now that you know each of your negotiation style total scores, it is possible to determine your level of *Assertiveness and Cooperativeness*. The formulas are as follows:

(Your Competing Style Total Score + Your Collaborating Style Total Score) _____

MINUS

(Your Avoiding Style Total Score + Your Accommodating Style Total Score) _____

Your Assertiveness Index = _____

ASSERTIVENESS INDEX	INTERPRETATION
5 OR ABOVE	HIGH ON ASSERTIVENESS – Compared to a national sample of students, your score falls in the top/fourth quartile (i.e., top 25%) of scores. This indicates that you strongly exhibit characteristics consistent with <i>Assertiveness</i> .
1 TO 4	MODERATE TO HIGH ON ASSERTIVENESS – Compared to a national sample of students, your score falls in the third quartile (i.e., between 50%-75%) of scores. This indicates that you moderately to strongly exhibit characteristics consistent with <i>Assertiveness</i> . The higher your score is, the more strongly you exhibit characteristics consistent with <i>Assertiveness</i> .
-2 TO 0	MODERATE TO LOW ON ASSERTIVENESS – Compared to a national sample of students, your score falls in the second quartile (i.e., between 25%-50%) of scores. This indicates that you moderately to weakly exhibit characteristics consistent with <i>Assertiveness</i> . The lower your score is, the more weakly you exhibit characteristics consistent with <i>Assertiveness</i> .
-3 OR BELOW	LOW ON ASSERTIVENESS – Compared to a national sample of students, your score falls in the bottom/first quartile (i.e., bottom 25%) of scores. This indicates that you only weakly exhibit characteristics consistent with <i>Assertiveness</i> .

(Your Collaborating Style Total Score + Your Accommodating Style Total Score) _____

MINUS

(Your Competing Style Total Score + Your Avoiding Style Total Score) _____

Your Cooperativeness Index = _____

COOPERATIVENESS INDEX	INTERPRETATION
9 OR ABOVE	HIGH ON COOPERATIVENESS – Compared to a national sample of students, your score falls in the top/fourth quartile (i.e., top 25%) of scores. This indicates that you strongly exhibit characteristics consistent with <i>Cooperativeness</i> .
5 TO 8	MODERATE TO HIGH ON COOPERATIVENESS – Compared to a national sample of students, your score falls in the third quartile (i.e., between 50%-75%) of scores. This indicates that you moderately to strongly exhibit characteristics consistent with <i>Cooperativeness</i> . The higher your score is, the more strongly you exhibit characteristics consistent with <i>Cooperativeness</i> .
2 TO 4	MODERATE TO LOW ON COOPERATIVENESS – Compared to a national sample of students, your score falls in the second quartile (i.e., between 25%-50%) of scores. This indicates that you moderately to weakly exhibit characteristics consistent with <i>Cooperativeness</i> . The lower your score is, the more weakly you exhibit characteristics consistent with <i>Cooperativeness</i> .
1 OR BELOW	LOW ON COOPERATIVENESS – Compared to a national sample of students, your score falls in the bottom/first quartile (i.e., bottom 25%) of scores. This indicates that you only weakly exhibit characteristics consistent with <i>Cooperativeness</i> .

Slide 8 *How did you score?*

Go over the results from Notes Page on previous slide or on Negotiation Style Exercise: Instructor. Questions for Instructor to use in debrief:

1. Once you have completed and scored the self-assessment, profile yourself (i.e. as High, Moderate to High, Moderate to Low, or Low) on each of the five negotiation styles. Which negotiation style or styles is/are dominant? Is this how you seem yourself and do you agree with this assessment? Why or why not?
2. Profile yourself (i.e., High, Moderate to High, etc). with respect to Assertiveness and Cooperativeness. Do you agree with this assessment? Why or why not?
3. Does your dominant negotiation style(s) match up with your Assertiveness and Cooperativeness scores on that two-dimensional matrix? For example, if you scored in the “High” category on both Assertiveness and Cooperativeness, your dominant style should be the Collaborating style. Does such a match exist for you?

Slide 9 *Three phases of negotiation...*

Review the three phases of negotiation.

Slide 10 *Phase 1: Preparation*

This is the preparation phase. In this phase you should obtain as much information as possible about the issue to be negotiated. Try to learn more about the individual that you will be negotiating with. What is their negotiating style? This will help you know how to better communicate with them. Ask other business associates who have bargained with the individual how the negotiation went. For example, perhaps the other party has a reputation for always looking to rush the negotiation. You could use that to your advantage. By remaining firm on your bargaining position, you may be able to place pressure on them to get the deal done on your terms. If they want it to be over quickly, they will be less likely to spend time wringing concessions out of you. If you do not know the other party at all or know anyone else who has negotiated with them, you will have to make educated guesses and adjust as you go.

Slide 11 *Listening*

Listening will help you learn where your interests are shared with the other side, where they are in opposition, and help you obtain a satisfactory outcome. The best negotiators ask questions, test for understanding, summarize discussions and listen, listen, listen. You often get more by finding out what the other person wants than you do by clever arguments supporting what you need. Listen actively and acknowledge what is being said. It has been said that the cheapest concession that you can make to the other side is to let them know that they have been heard.

There is a handout on page ____ in your packet that lists the top five tips for improving your negotiation skills.

Slide 12 *Be prepared...*

Be prepared to justify your offer. Research indicated that if you ask someone for a favor, he or she will be more likely to do it if you give them a reason. The harder it is to come up with logic to support your position,

the more you have to back into reasons that leave you feeling uncomfortable and the more concerned you should be that the opposite party will perceive your position as overreaching. Where you start is critical to where you wind up. If you start too high, your opponent will either be ridiculous to the other extreme, or he or she will not talk to you. If you start too low, the bullies will kick sand in your face!

Slide 13 Skill set

The necessity for negotiation arises because neither party will be able to get everything they want. Knowing that there must be concessions, each party in the negotiation is required to adopt an attitude of understanding that they must get the best deal possible in a way which is acceptable to the other party. Talk about the importance of each of the skill sets.

Self-Confidence
Sense of humor
Positive attitude
Respect/Trust

Slide 14 Skill set (cont'd)

Talk about the importance of each of the skill sets.

Slide 15 What is your best alternative to a negotiated agreement?

In the preparation phase each party should define their:

Best Alternative to Negotiated Agreement (BATNA)
Zone of Possible Agreement (ZOPA)
Walk Away Price (WAP)

You cannot move to Phase 2 until this phase has been completed. If you try do move on without gathering all of the information about the topic to be discussed and establishing your bargaining positions, the bargaining phase cannot happen in any way that makes sense because no one knows where they stand.

BATNA is the course of action that will be taken by a party if the current negotiations fail and an agreement cannot be reached. If you and the other party cannot reach an agreement what will your alternative be? Walk Away? Schedule another negotiation session later? Negotiators also need to be aware of the other negotiator's BATNA and to identify how it compares to what they are offering.

EXAMPLE: Selling a car

If the seller of a car has a written offer from a dealership to buy the seller's car for \$1,000, then the seller's BATNA when dealing with other potential purchasers would be \$1,000 since the seller can get \$1,000 for the car even without reaching an agreement with an alternative purchaser.

In this example, other offers that illustrate the difficulty of valuing qualitative factors might include:

An offer of \$900 by a close relative

An offer of \$1,100 in 45 days (what are the chances of this future commitment falling through, and would the seller's prior BATNA (the \$1,000 offer from the dealership) still be available if it did?)

An offer from another dealer to offset \$1,500 against the price of a new car (does the seller want to buy a new car right now, and the offered car in particular?)

Slide 16 *What is your zone of possible agreement?*

ZOPA is a set of agreements that can satisfy both sides in a negotiation. Work to identify your counterparts' ZOPA. **(HOW?)**

Example: To determine whether there is a positive bargaining zone each party must understand their bottom line or worst case price. For example, Paul is selling his car and refuses to sell it for less than \$5,000 (his worst case price). Sarah is interested and negotiates with Paul. If she offers him anything higher than \$5,000 there is a positive bargaining zone, if she is unwilling to pay more than \$4,500 there is a negative bargaining zone.

Slide 17 *Latitudes of acceptance and rejection*

For example, if you are approached by a cancer society to make a donation to their campaign, and your mother has cancer, then you are going to lean more towards the latitude of acceptance and make a donation. On the other hand, if you have never had anyone close to you suffer from this illness, then your level of acceptance may fall one way or the other or somewhere in between.

Slide 18 *Have a walk-away price*

(WAP) This is the price or bottom line that you are willing to accept. Keep your "Walk Away Price" to yourself. If the other party knows that you will be willing to take a lot less than you are offering, then you will be negotiating from a position of weakness. If the other party knows, or has an idea of your WAP then it stops being your WAP and simply becomes your price. The other party will try to argue you down from your proposed price, so you will need to remain firm. If they want to pay less, then you may be prepared to agree on a lower price in return for concessions.

The other party will then have to consider what is acceptable to them. Rather than push too hard and lose out on a deal which would be beneficial to themselves, they will have their own areas where they are willing to make concessions. However, if they KNOW that you have a set WAP that would save them money, they will simply hold firm at that price. They have no incentive to make concessions to you. In many ways, negotiation is about keeping as much to yourself as you possibly can until you can no longer maintain that position.

Once you have set your WAP, it is essential to keep to it. A walk away price becomes meaningless if you are not prepared to walk away should it not be met. You should give the impression to opponents in negotiation that you could walk away at any time. They will not be prepared to stop once they get a price which is satisfactory to them. They will look to wring a bit more value out of the deal for themselves, testing to see what

you will give up. You do not want to set your WAP unrealistically low or the other party will not take you seriously and consider you a pushover. They will seek to test you at every turn.

Have you ever watched the show “American Pickers” on the History channel? They travel around the country looking through people’s garages and barns looking for antiques to buy and resell. Frank and Mike both always have a walk away price for what they will pay for the item but they are always fair in the price that they offer. If you watch the show very much, you know that sometimes they have to haggle but they are always fair. This helps them build trust with the people they are buying from. Once this trust is established and the sellers realize that their treasure is going to be restored and displayed and that Mike and Frank are not out to just make a buck, then they are invited to come back and “pick again” sometime. Frank and Mike will tell you in their show that this step of negotiation is very important. Building trust. If you constantly try to low-ball, you earn that reputation and no one wants to deal with you anymore.

Slide 19 *Video*

Watch the following scene in which Mike negotiates for an antique car. He realizes right away that the owner is attached to the car. He does not want to part with the car for less than \$30,000 so Mike bumps up his offer to \$32,000. **DISCUSSION AFTER VIDEO:** What happens when the \$32,000 offer is turned down? Mike is offered another one that needs more work which is no deal. The seller points out the stickers on the windshield that shows the car's history. Mike comes back with saying “Hey, you can buy these on the Internet and stick them on.” Then Mike having some information on the seller through discussion that is not shown here knows that the seller and his wife are selling items for their children's college tuition, so he tries to use that to influence the man to sell. When that does not seem to be working, Mike bumps up his offer to \$34,000. When this does not get the seller’s attention, Mike bumps it up to \$35,000. As you will see, the wife starts to think about that a little bit, but you can tell that the husband really does not want to sell. When Mike demands a figure, the seller says he will let it go for \$60,000. How does Mike respond? He walks away.

Slide 20 *Create a negotiation bridge*

Before starting negotiations, it is essential for each party to agree on which issues are up for negotiation and which are non-negotiable. If this framework is not established in the preparation phase, then negotiations can be extremely disorganized and lack direction. Remember that each party has their own set of values and ideas that they are bringing to the table. Therefore, it is important that each side exhibit patience and acceptance.

Slide 21 Phase 2: Bargaining

When you get to phase two, you have already established your BATNA – Best Alternative to a Negotiated Agreement, your latitudes of acceptance/rejection and your walk away price. The bargaining phase is the heart of the negotiation process. We are going to look at 10 techniques that will help you in your bargaining.

Slide 22 10 Negotiation Techniques

Prepare, prepare, prepare. In phase 1, we discussed how to prepare for negotiation. Can someone tell me steps we can take to prepare? Write answers on flip chart with marker.

Answers should include:

Obtain information about the other party. Define their negotiation style if at all possible.

Identify your interests as well as those of the other party.

Establish your best alternative to a negotiated agreement.

Identify your zone of possible agreement.

Examine where your latitudes of acceptance and rejection fall.

Identify your walk away price.

In phase 1, we also talked about certain skill sets that are needed to be a successful negotiator. Can you name some of these?

Self-confidence

Positive attitude

Respect/Trust

Patience

Persistence

Effective speaking

Effective listening

2. Pay attention to timing: For example, are you more likely to get a better deal on purchasing a new state vehicle in December when the dealers need to clear out their inventory?
3. Leave behind your ego: It's not all about you. Negotiation consists of compromises and concessions.
4. Listening: We learned that active listening is one of the most important negotiating skills that you can learn.
5. If you don't ask, you don't get: Don't be timid. If you have an interest or a need, ask. The worse thing that can happen is that you will be told no or given a counteroffer.

Slide 23 10 Negotiation Techniques

6. Anticipate compromise: Negotiation almost always involves compromise or concessions. If you consistently play the role of "The Intimidator" in your negotiating strategy, you will find that people will no longer want to negotiate with you. You may find it difficult to build a relationship of trust with others.
7. Offer and expect commitment: Be prepared to follow-up on your offer and expect commitment from the other party likewise.
8. Don't absorb their problems: Sometimes the other party will use sob stories to make you feel bad and thus agree to a resolution that you otherwise would not agree to. You may find later these

stories to be valid or they could be deceptive. Ask for evidence when presented with negative information on why your request cannot be met.

9. Stick to your principles: We all have an individual set of core values and principles. Don't allow yourself to compromise to the point where it goes against your core values and principles. You need to have a backbone and not bend to demands that test these principles.

Close with confirmation: Be sure to state verbally and in writing the steps of the agreement that was reached.

If you are buying a house, then you will be originating loan documents.

Slide 24 *Build trust. Avoid intimidation.*

Slide 25 *Negotiation Case Study*

Ask participants to read the case study on page 7 of their Participant Guides or read it aloud to them and ask the questions within your guide below.

Negotiation Skills Case Study

Mike's Story:

Mike is the assistant director at a large non-profit agency that provides contract services to a state government agency throughout the state. One of the office directors he supervises has suddenly resigned. In order to reassign the director's work, he decides to delegate to the one employee who works locally in headquarters some of the duties of the resigning manager.

Deanne's Story:

Deanne is the local employee to whom Mike has decided to add temporary job duties to ensure that the critical functions of the office section are accomplished. Her boss Penny, the training director of the organization, has just called her personally to tell her that she is resigning her position effectively immediately and briefs her on what will likely be expected of her from higher management.

What Happens?

By the end of the day, Mike calls Deanne and asks her to come up to his office. He tells Deanne that Penny has resigned her position as Training Director and that she will not be coming back to work. Mike then explains to Deanne that she will have to pick up a percentage of Penny's duties until they are able to hire a new director. Deanne asks him what percentage of Penny's work Mike estimates that she will have to perform. Mike says that it will be about 1/3 of Penny's duties and that, of course, she will still have to complete all of her current job duties, also. Mike tells her that he will have a list of those duties to her by the next morning and asks her to come by his office at 10am the next morning to obtain that list.

Questions for Review:

What needs to be compromised in this situation?

Who has the strongest position in the negotiations?

What suggestions do you have for Mike as the manager?

What should Deanne do before she tries to negotiate with Mike?

BACK TO SCENARIO

The next morning, Deanne asks Mike if the organization would be willing to pay her an additional temporary salary during the time of this assignment, since she is also expected to complete all of her current job duties, also. Mike says that would be fine and proceeds to calculate how much that would be. He tells Deanne what that the amount would be per month.

Deanne knows that this period of time is very stressful for upper management, as the upcoming year's budget is under development and is due to be presented to the Board of Directors in three weeks; therefore she is now prepared to add another item to the negotiation. She asks Mike if he would additionally forgive her the final seven payments on an interest-free loan that the organization had provided to employees for the purpose of purchasing their own personal computers. Later that afternoon Mike calls Deanne and tells her that he has agreed to her request. Deanne asks him if they should make that agreement in writing so that they both understand what they are getting. Mike agrees.

DEBRIEF:

Deanne did something before she agrees to the Mike's demands: what did she do? How does gathering the facts about a disagreement/problem prove critical when compromising or negotiating a potential dispute? How did the facts help Mike make his decision?

What type of bargain was accomplished here?

Win/Win?

Win/Lose?

Lose/Lose?

No Result?

Why?

Deanne now is earning additional money for additional work and has had her loan forgiven. Mike now has a competent employee to take over those critical functions at a time when it would prove very difficult for upper management to step in and do so.

Slide 26 Phase 3: Closing

The final phase of a negotiation is a time for reaching consensus and building an agreement. Both parties may come to the consensus that they need to walk away and come back for renegotiations at a later date. Or both parties may reach a satisfactory agreement. They can shake hands, sign a document, and make a public announcement to signify that a mutually agreed conclusion has been reached.

For an agreement to be successful, all the essential terms must be clearly stated in writing. The agreement reached at the end of negotiations needs to be backed up with the "how" factor. It should be established: "What you are going to do and possibly when is this going to take place?"

Slide 27- 31 Common negotiation outcomes

Review the items on each slide

Slide 32 *It is better to have 50% of something than have 100% of nothing...*

Not everyone needs to feel completely satisfied to reach a consensus. Everyone needs to feel that the outcome of the negotiation is something that they can live with. In an ideal world you could please everyone equally and completely. But we do not live in an ideal world, so the reality is that to please one person you will usually have to displease someone else. This is why you have concessions. If you push for 100%, it is possible to end up with 0%. It is much better, therefore, to have two parties who each have a significant percentage of what they want. For some parties, reaching a consensus may be bittersweet. However, it is better to have 50% of something than 100% of nothing.

Slide 33 *Summary of negotiation principles*

Preparation: This is the preparation phase. In this phase you should obtain as much information as possible about the issue to be negotiated. Try to learn more about the individual that you will be negotiating with.

Each party should define their:

Best Alternative to Negotiated Agreement (BATNA)

Zone of Possible Agreement (ZOPA)

Walk Away Price (WAP)

Establish latitude of acceptance or rejection.

Create a negotiation bridge. Talk with the other party to establish exactly what is up for negotiations and what is not. Outline your opening position. Ensure that this position is realistic in light of the facts available to both sides.

Bargaining:

Ask questions for information. Challenge the other side of justifications of their position. Each party presents their commitments. Identify areas of common ground. Be prepared to concede. Use your concessions wisely. Don't just give these away. Expect and receive something in return. Summarize arguments and seek acceptance.

Closing: The arguments have been summarized so it is time to close the agreement. This could be either in a verbal agreement, handshake, or a written contract. It depends on the situation.

Slide 34 *Final video – if time allows*

Before we get into the objectives, let's view a negotiation clip between couples shopping for furniture. Keep in mind that this is a set-up by the Heineken Company in the United Kingdom. They have told the men that if they can get their lady to purchase these red stadium seats for their house or apartment that they will give them two tickets to the national soccer championship game.