


**CRITICAL SKILL IN
BUSINESS**

Negotiation

The Art of Getting Better Deals

Yim Choong Chow



**THE SKILL OF
NEGOTIATION
CAN BE LEARNT & MUST
BE LEARNT IF YOU WANT
TO WIN IN
THE GAME OF BUSINESS**

TABLE OF CONTENTS		
Chapter 1	Understanding The Negotiating Game	6
2	The Two Modes & Two Styles	12
3	Preparation – The Key To Success	15
4	The Five Step Methodology	23
5	Understanding & Managing Power	51
6	Tactics & Gambits	57
7	How to handle Impasse, Stalemate & Deadlock	66
8	Some Parting Words	75
9	Self Assessment	78
10	About The Author	85

- CHAPTER ONE -

**UNDERSTANDING
THE NEGOTIATING GAME**

WHAT IS NEGOTIATION?

A game! A serious game in life, as is in business. Whether we like it or not, are in it voluntarily or not, are conscious of it or not, we negotiate all the time from small inconsequential issues to matters that have major impact.

NEGOTIATION IS PROFITABLE

Why negotiate? Simply, it is the fastest way

- To put money in your pocket and
- For your organization, to improve the bottom line.
- A dollar negotiated is a dollar earned.

We negotiate because

- Just getting a deal is no longer good enough.
- We must strive to get the best deal possible.

Visualize playing a game with a pile of gold in the middle of the table. Your objective as well as the objective of your opponent, is to complete the game by winning as much gold as possible. If there were such a game, would you leave any gold behind? Of course not!

Negotiation is about movement

It is about two or more players walking towards each other until they reach a mutually acceptable position. The name of the game is to get the other side to walk faster and to take bigger steps than you.

NEGOTIATION IS ABOUT FINDING THE 3RD ALTERNATIVE

If neither proposal is acceptable, it is about exploring alternatives and options synergistically until a mutually acceptable third alternative is found.

Negotiation is about conflict resolution

Negotiation is the process through which the conflicting parties modify and adjust the views of their ideal outcome to an attainable outcome. In the process, the parties modify their demands in order to achieve an acceptable compromise.

Negotiations need not be adversarial

It is best played when it succeeds to resolve a conflict without undermining or jeopardizing the continuing relationship of the parties. This is done through recognizing conflict as a fact, and not an obstacle. Negotiation provides an avenue for the parties to find ways to create a higher level of satisfaction.

The game presupposes there is a margin

No margin – no negotiation! The parties may not know

- how big the margin is,
 - whether it is significant or not,
 - whether it is within their settlement range or not,
- but they expect the other party to have “padded” their offer to some extent. As such, they do not expect the other party to adopt a non- negotiable stance. Going into a negotiation with your real best offer will mean not having a margin to negotiate with. This can be seen as acting in bad faith – as your opponent will see you as adopting a “one off” – “take it or leave it” position.

NEGOTIATION WILL BE POSSIBLE as long as both parties consider the benefits of resolving the conflict through negotiation are greater than the likely benefits of resolving through some other means.

NEGOTIATION IS THE ART OF CONVINCING OTHERS

It consists of saying and doing those things that cause others to want to do what you want them to do.

THE NEGOTIATION CONTINUUM

THE NEGOTIATION PROCESS IS FIRSTLY ABOUT GETTING TO THE BARGAINING ARENA. ONCE IN THE BARGAINING ARENA, IT IS ABOUT FINDING A SETTLEMENT WITHIN IT. HAVING DISCOVERED THE POSSIBILITY OF A SETTLEMENT, IT IS ABOUT SECURING A SETTLEMENT AT

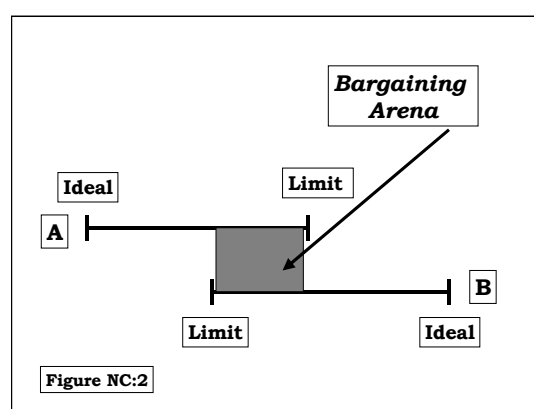
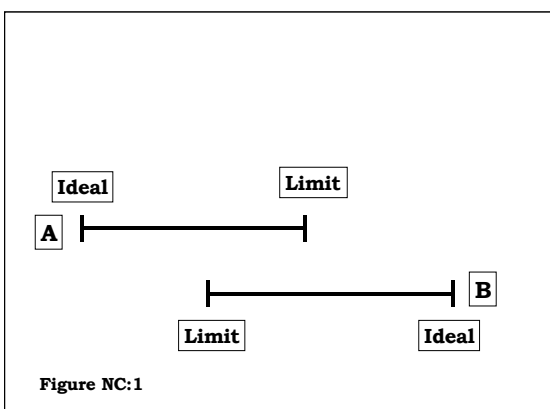
THE LEAST COST AND AGREEING TO ITS IMPLEMENTATION.

A good way to understand negotiation is to present it as a continuum – with the opposing player’s ideal position as opposites.

Negotiation pre-supposes there is a margin. The margin is the gap between the negotiator’s ideal position and his limit position.

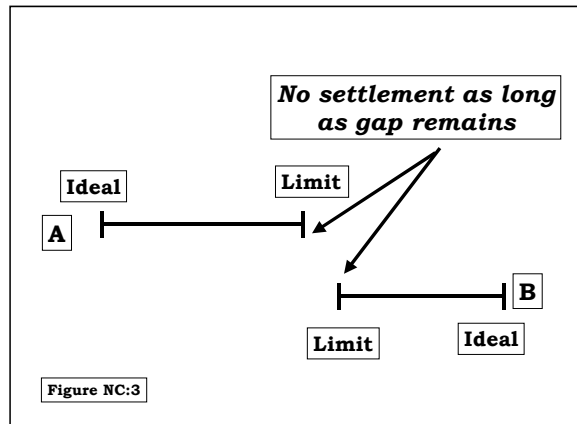
- Ideal position = the best he hopes to achieve
- Limit position = the point beyond which he would rather accept a deadlock or no settlement.

The negotiation margin is then the negotiator’s area of play within which he can trade concessions. In Figure NC: 1, A’s margin and B’s margin overlap suggesting possibility of a settlement.

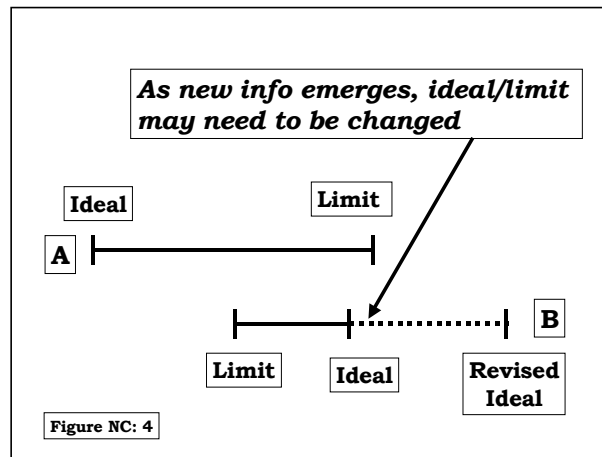


The shaded area in Figure NC: 2 is the bargaining area. Since negotiation is about movement, the player's job is to get the other side to move towards his ideal.

In Figure NC: 3, there is no overlap. If the parties refuse to move their respective "limit" position, no settlement will be possible.



In Figure NC: 4, B's negotiating position is too conservative and lies well within A's range. It will be easy for both A and B to settle by maintaining the original positions.



If this situation becomes known to B, his task would be to move his ideal further right and entice A to move towards that.

Failing to do that will be like "leaving gold on the table". Remember arriving at a satisfactory agreement is not quite the same as reaching the best possible agreement.