
UNIT 10 NEGOTIATION SKILLS

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10.0 OBJECTIVES

In this Unit you will learn -

- the essentials of successful negotiations
- the stages of negotiation
- how to negotiate successfully
- the language of negotiations
- how to follow up an oral negotiation with a letter

10.1 WARM UP



Negotiations can be a nightmare if they are not handled properly.

What do you think makes a good negotiator?

Discuss with a friend or a fellow student at the Study Centre.

10.2 READING

Although 'negotiation' may be intimidating, this is a skill we have already used to do, albeit unconsciously, and more times than we realize. How many times have you been in one of the following situations? You ask your boss for a salary increase; you want to convince a son or daughter to do something they may not



sound rather than a demand, which most of us probably do to some degree. How many times have you asked for a salary increase; you want to convince a son or daughter to do something they may not wish to do.

The stakes may be different in each case, but the common thread running through them is the need for negotiation skills. Negotiating is an activity that all managers engage in to some degree, perhaps dozens of times every day.

Typically, negotiation takes place informally: on the telephone, at a quickly called meeting, or during an impromptu conversation with someone in the lobby. Sometimes negotiation can take place abruptly, when you are least prepared, and be concluded in a matter of seconds.

Regardless of the form negotiation takes, it is very important to have a well-developed set of negotiation skills in order to run your business successfully. Even if you feel you already have a talent for negotiating, there are always ways to develop and continuously improve your negotiation skills.

To develop these skills and use them effectively, you must know:

- what negotiation means and the various forms it can take
- that negotiating, in the fullest sense, means forging long-term relationships
- the role that the individual personalities play in negotiating

Here is a list of qualities that a negotiator must have.

Good negotiators:

- i. Create a friendly atmosphere
- ii. Build up good rapport with the individual / party that they are negotiating with
- iii. Are firm about their stand
- iv. Keep the interest of both sides in mind
- v. Look for immediate gains
- vi. Are willing to make concessions
- vii. Are persuasive
- viii. Are articulate
- ix. Are good listeners
- x. Frequently check to confirm that everything has been correctly understood by both parties

Check Your Progress 1

1. Here are some statements that are based on the above given text. State whether they are True or False
 - i. We negotiate consciously all the time.
 - ii. One often has to negotiate for a salary increase.
 - iii. Negotiation skills have to be formally learnt.
 - iv. Regardless of individual differences we all negotiate in the same way.

2. **Can you pick out any attributes that should not be included in the list of qualities all negotiators must have? Check your answers with the Answer key.**

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10.3 LANGUAGE FOCUS: IDIOMATIC EXPRESSIONS

Study the idiomatic expressions in the speech balloons and see if you can relate them to Negotiating situations.

I'm sorry but I don't see eye to eye with you!

I'm willing to come half way!

You are our most valued customer!
Have it your way!

I'm afraid that's as far as we can go!

We'd be happy to accommodate you!

Aren't we splitting hair here?

Check Your Progress 2

1. Match the meanings with the expressions in the balloons.

- i. We are willing to make part of the adjustments
- ii. We have already stated to what extent we can accommodate your point of view.
- iii. We are willing to do anything you want us to do.
- iv. Are we not being unnecessarily over critical.
- v. We will adjust with what you say gladly.
- vi. We have a totally different point of view about the matter.

2. Answer the following questions:

- i. Would these expressions occur more in some cultures than others?

.....
.....

- ii. Do they represent attitudes that are too soft or too rigid? Which ones of these suggest rigid attitudes?

-
- iii. Would they be appropriate for a letter or for a phone conversation? Which of these would you use in a letter?
.....
- iv. Which ones of these could lead to good business relations, and which ones might backfire?
.....

10.4 STUDY SKILLS: PROCESS OF NEGOTIATIONS

There are four main phases in a negotiation:

1. **The preparation phase:** this is where you identify your purpose and set your priorities. You must also decide in advance what is the lowest deal or offer that you will be willing to accept. Have all information that you are likely to need available with you.
2. **The debating phase:** negotiation is a process of give and take where you give a little and get a little at the same time. Here you try to find out what the person or party you are negotiating with wants. During this phase you must state what you want but do not spell out all the conditions yet. Use open questions and be willing to listen to the other person too. Try to find out how much the other person is willing to move from his/her stand.
3. **The proposal stage:** This is where you suggest the concessions you are willing to make. Formulate your proposals with *if....., then.....*. Listen to the other side's proposals too. Build on common ground.
4. **The bargaining phase:** This is the part where you spell out what it is that you will actually trade. Accept and confirm details agreed upon by repeating them. Summarize the proposal in a few words. End positively by looking ahead.

Check Your Progress 3

Match the formulaic language on the right with the different phases of the negotiation on the left.

i.	Welcoming	a	That seems acceptable
ii.	Stating your aim	b	We should meet again soon.
iii.	Bargaining	c	I don't think it would be possible for us to.....
iv.	Making concessions	d	Can we run through the main points again?
v.	Accepting	e	I'd like to begin with.....
vi.	Rejecting	f	I'd just like to check what we've said.....
vii.	Confirming	g	I'm sure we will have a productive meeting.....
viii.	Summarizing	h	We can agree to that if.....
ix.	Looking Ahead	i	Would you be interested in

The correct answers are given in the Answer key

Here are some more expressions that could be extremely helpful during negotiations:

Welcoming: Good to see you.
I'm sure our meeting will be useful

Stating your aim: We'd like to let you know that.....
We want to clarify our position on.....

Making concessions: If you are willing to.....we could.....

We could offer you.....

Accepting:

That seems alright
We agree.

Rejecting:

I'm afraid we can't.....
Unfortunately this won't be possible.

Confirming:

Let me just repeat what we've agreed upon.
Can we just run through that again?

Summarizing:

Just to recap the main points.....
Let just summarize what we've agreed upon.

Looking ahead:

So the next step will be.....
So when do we meet next?

10.5 GRAMMAR: PHRASAL VERBS

Phrasal Verbs

There are some verbs and prepositions which have a special meaning when they are used together. In this way they function like idioms. These combinations have to be memorized like irregular verbs. When the phrases are spoken the stress falls on the preposition. These are called phrasal verbs.

Check Your Progress 4

Complete the sentences below by using the appropriate form of the given phrasal verbs. You will need to use one phrasal verb twice. You may check out the meanings and answers in the key.

1. Sorry to keep you waiting. We got _____ in a traffic jam. That's why we are ten minutes late.
2. Can we _____ with the meeting.
3. Mr Mittal hasn't _____ yet.
4. I'd like to _____ our main proposals.
5. I'm sorry I didn't _____. What did you say?
6. We cannot possibly _____ what you have proposed.
7. If you can _____ with something that suits both parties, we don't mind.
8. We must _____ something that is mutually acceptable.
9. Can we _____ the main points again.
10. Somebody should _____ whatever we have agreed upon.

10.6 LISTENING: EFFECTIVE NEGOTIATIONS

Check Your Progress 5

Listen to a talk on Effective Negotiations and complete the given text by inserting the missing words. Listen to it again in case you have missed out some words. Check your answers with the Key.

Now read the completed text for some more information on effective negotiations.

Effective negotiation skills are an important 1 _____ in today's business environment. Therefore it is necessary to make proper 2 _____ to ensure that negotiations run 3 _____. First of all one must 4 _____ out the negotiation in detail. This can be done well only if you find out as much as possible about the 5 _____ and the 6 _____ with which the negotiation is to take place. Sometimes it's hard to create a 7 _____ situation in negotiations, in spite of good preparation.

The 8 _____ of the negotiation must be clearly defined at the outset. Also identify the 9 _____ that you can offer in the course of the negotiation. You must also keep in mind that you cannot hope to push your 10 _____ at the cost of the other party. Therefore decide in advance what you should state and to what extent you can 11 _____ your demands to accommodate the other party's interests.

Both parties must strive to create a 12 _____ atmosphere at the very start. Establishing a good rapport at the outset creates a 13 _____ environment of 14 _____ respect and trust for the negotiation. Clear communication, mutual respect, and trust can get things going in the right direction.

10.7 SPEAKING

Check Your Progress 6

Practice one or both of these negotiations with one or more partners at your study centre. Refer to the Answer Key and tape script for a suggested version.

- i. Imagine a situation where you are a seller who is negotiating with a buyer. The buyer is asking you for a 10% discount whereas you have already agreed to give him a 5% discount.
Try to negotiate and settle for 7%. In return for this concession ask for the credit limit that you have given to your buyer to be reduced from 40% to 35%.
- ii. You are making arrangements for a wedding to be held in your family. Negotiate with the caterers to reduce the cost of food per plate from Rs. 350 to Rs 300.

10.8 WRITING

Check Your Progress 6

Refer to Task 1 of 10.7 You have successfully negotiated the deal with your buyer. Write a letter to him confirming the agreement reached at the end of the negotiation.

Compare your answer with the one provided in the key.

10.9 SUMMARY

In this unit, we have briefly touched upon the skill of Negotiation which we not only require in our business transactions but in our day to day life as well. While you may be an excellent negotiator in real life, we have given you some steps so that you are systematically aware of what you are doing. We have also provided you with tape scripts of actual negotiations. This will help you become even better at negotiations.

Phrasal Verbs are often used in negotiations, especially in 'spoken' English; we have therefore given you some practice in their use.

Finally, after a negotiated settlement, there is often a letter written to confirm the negotiation. We have given you practice in writing such a letter.

10.10 SUGGESTED READINGS

Rodgers, D. *English for International Negotiations*. Cambridge: Cambridge University Press.

Sinha, K.K. *Business Communication*. Delhi: Galgotia Publishing Company.

Tull, G and Lannon, M. *Insights into Business*. London: Longman.

10.11 ANSWER TO CHECK YOUR PROGRESS

Reading

Check Your Progress 1

State whether these statements are True or False

- | | | |
|------|--|--------------|
| i. | We negotiate consciously all the time. | False |
| ii. | One often has to negotiate for a salary increase. | True |
| iii. | Negotiation skills have to be formally learnt. | False |
| iv. | Regardless of individual differences we all negotiate in the same way. | False |
2. The following two qualities are not desirable in negotiators.
- iii. Are firm about their stand – good negotiators need to be flexible and not rigid about their stand. They must be willing to make certain adjustments as it is in their interest to ensure that both parties are satisfied.
- vi. Look for immediate gains – good negotiators always keep the long term interest in mind. A long term association with customers and business associates is the need of every organization.

Check Your Progress 2

- i. We are willing to make part of the adjustments
I'm willing to come half way!
- ii. We have already stated to what extent we can accommodate your point of view.
I'm afraid that's as far as we can go!
- iii. We are willing to do anything you want us to do.
You are our most valued customer! Have it your way!
- iv. Are we not being unnecessarily over critical.
Aren't we splitting hairs here?
- v. We will adjust with what you say gladly.
We'd be happy to accommodate you!
- vi. We have a totally different point of view about the matter.
I'm sorry but I don't see eye to eye with you!

- 2.
- i. Would these expressions occur more in some cultures than others?
Yes, that's true. In some cultures people need to be very careful about what they say. They cannot afford to be direct as they might annoy their customers.
 - ii. Do they represent attitudes that are too soft or too rigid? Which ones of these suggest rigid attitudes?
'C' and 'E' represent soft attitudes. 'A' shows rigidity.
 - iii. Would they be appropriate for a letter or for a phone conversation? Which of these would you use in a letter?
You could use 'B' and 'E' in letters.
 - iv. Which ones of these could lead to good business relations, and which ones might backfire?
'B', 'C', and 'E' could lead to good business relations whereas 'A', 'D' and 'F' could backfire.

Check Your Progress 3

Match the formulaic language on the right with the different phases of the negotiation on the left.

Answers:

- i. g
- ii. e
- iii. h
- iv. i
- v. a
- vi. c
- vii. f
- viii. d
- ix. b

Check Your Progress 4

Grammar

Complete the sentences with suitable phrasal verbs.

work (something) out – find a solution or a way out

turn up – arrived

jot down – write down

go with – agree with

catch on – understand

hold up - delay

go over – look into, repeat

get on – go ahead

come up - suggest

1. Sorry to keep you waiting. We got **held up** in a traffic jam. That's why we are ten minutes late.
2. Can we **get on** with the meeting.
3. Mr Mittal hasn't **turned up** yet.
4. I'd like to **go over** our main proposals.
5. I'm sorry I didn't **catch on**. What did you say?
6. We cannot possibly **go with** what you have proposed.
7. If you can **come up** with something that suits both parties, we don't mind.
8. We must **work out** something that is mutually acceptable.
9. Can we **go over** the main points again.
10. Somebody should **jot down** whatever we have agreed upon.

Listening Tape script

The answers are highlighted in bold.

Check Your Progress 5

Effective negotiation skills are an **important** ingredient in today's business environment. Therefore it is necessary to make proper **preparation** to ensure that negotiations run **smoothly**. First of all one must **plan** out the negotiation in detail. This can be done well only if you find out as much as possible about the **people** and the **organization** with which the negotiation is to take place. Sometimes it's hard to create a **win-win** situation in negotiations, in spite of good preparation.

The **objectives** of the negotiation must be clearly defined at the outset. Also identify the **alternatives** that you can offer in the course of the negotiation. You must also keep in mind that you cannot hope to push your **interests** at the cost of the other party. Therefore decide in advance what you should state and to what extent you can **roll back** your demands to accommodate the other party's interests.

Both parties must strive to create a **harmonious** atmosphere at the very start. Establishing a good rapport at the outset creates a **conducive** environment of **mutual** respect and trust. for the negotiation. Clear communication, mutual respect, and trust can get things going in the right direction.

Speaking

1. **Imagine a situation where you are a seller who is negotiating with a buyer. The buyer is asking you for a 10% discount whereas you have already agreed to give him a 5% discount.**

Try to negotiate and settle for 7%. In return for this concession ask for the credit limit that you have given to your buyer to be reduced from 40% to 35%.

Sample Answer:

The sample answer begins with small talk which must take place between the buyer and seller before they actually begin to negotiate the deal. Take note of the language used in negotiations. The formulaic language is underlined for your benefit.

Seller: It's so good to see you again.

Buyer: Yes, it's been a long time.

Seller: So, how are you?

Buyer: Very fine, thank you.

Seller: I hope you are happy with the last consignment of office equipment we sent you?

Buyer: Yes, it was quite all right.

Seller: I'm here to follow up on your interest in our new filing cabinets. They are better than anything you have seen before. And what's more, although they are very reasonably priced, we have made you an offer for a 5% introductory discount.

Buyer: Yes, I understand that, but if you could make that 10% we would consider the offer seriously.

Seller: Unfortunately, that's going to be not just difficult but impossible, considering that this is an introductory offer and so we have priced the cabinets very reasonably and the profit margins are already very low.

Buyer: Perhaps we could both come half way and settle for something that would be agreeable to both.

Seller: In that case we could make it 7% on the condition that you will accept a credit of 35% in place of 40%, which means you will make a down payment of 65% on receipt of goods.

Buyer: That seems acceptable.

Seller: Alright then, you can now work out the details of your order and send it over to us as soon as it is ready. We look forward to it.

Buyer: That's it Good Bye.

Seller: Good Bye.

Writing

Check Your Progress 6

ABS Industries
154 Govindpura Industrial Estate
Bhopal 462026

25 November 2003

Mr J Wadhwa
Anant Textiles
267 Court Road
Meerut, UP

Dear Mr Wadhwa

This is a written confirmation of the agreement we reached on the supply of your Order Number 2198/03. We are glad to offer you 7% discount.

Your credit on the order will now be 35% in place of 40%. These details will also be included in your invoice.

You will receive the goods by 15 December, the agreed deadline. We hope you are satisfied with this agreement.

We look forward to serving you in the future.

Yours Sincerely

Mr R K Gupta