

Negotiation Skills

for advanced students of English

Student's Book

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Elite Skills

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Introduction

Negotiation Skills for Advanced Students of English focuses on developing a set of communications skills that will enable advanced students of English to improve their skills in influencing and persuading native speakers of English.

Although primarily designed for those whose first language is not English and who work in a business environment, the publication will also be suitable for native speakers of English who wish to improve their skills in influencing others.

The techniques described here are based on good practice used by many management consultants worldwide, the author's practical experiences in business, and his success in using the techniques to his advantage in the academic and public sectors in the UK.

As a teacher of English with a business background in technology, management and training the author, David Paul, is well equipped to introduce students and language trainers to the methods described in the chapters that follow.

Helsinki, March 2000

Table of Contents

Authentic Behaviour	1
The Basics of Successful Persuasion	1
Dialogue Planning	5
Communication Objectives	5
Stage 1 : Open up	6
Stage 2 : Probing	6
Stage 3 : Exploring client needs	7
Priority words	8
Criteria Words	9
Strength of needs	10
Stage 4 : Simplify and summarise	11
The 5D Model of Persuasion	12
Decide, Define, Defeat, Deploy, Duplicate	12
Sources of Power	19
Your sources of power	19
A - Coercive power	22
B - Connection power	22
C - Expert power	23
D - Information power	23
E - Legitimate power	23
F - Referent power	23
G - Reward power	23
Your Personal Action Plan	29
The Language of Signals	31
Hidden Meanings	31
Use of Signals	32
The Influence of Groups	33
Characteristics of Groups	33
Group Think	33
Team Role Profile	37

Team Role Profile Analysis	38
Reaching a negotiated agreement	43
Negotiating on Merits	43
Insist on objective criteria	44
Focus on interests, not positions	44
Look for shared interests	44
Separate people from the problem	44
Viewpoint	45
Feelings and beliefs	45
Communications	45
A Staged Approach to Negotiation	47
BATNA : The Best Alternative To a Negotiated Agreement	47
Stage 1: Readiness to proceed	47
List your interests	48
Rank your interests by priority	48
Value each interest	48
Define your objectives	48
Plan Agenda	48
Stage 2: Explore needs of client	49
Discover your client's position	49
Listen and respond appropriately	50
Stage 3: Signal for movement	52
Stage 4: Probe with proposals	53
Stage 5: Exchange concessions	53
Stage 6: Commitment obtained	54
Stage 7: Tie up the loose ends	56
A Merger - Role Play	57
Role Play Background	57
A Negotiation Case Study	62
East and West Malia	62
Information Briefing	62
Stage 1: Planning	63
Stage 2: The Negotiation	65
Stage 3: The Debriefing	65

Authentic Behaviour

The Basics of Successful Persuasion

Successful persuasion is based on two principles :

- Group pressure on individuals
- Use of a carefully prepared verbal strategy

The activities in this book examine both principles but in the first few chapters we focus on the use of verbal strategies. Verbal strategies require detailed planning and much practice in developing a reasoned argument. Several methods will be used to help you produce strong persuasive proposals. Initially these may appear artificial and difficult to use but with practice you will develop fluency in using these methods. If you find it difficult to apply the methods in English, use your own language to develop the methods and express your ideas.

At the centre of any successful business relationship with a client lies the concept of *authentic behaviour*. We often try too hard to impress clients, and we consider all the possible ways in which we can present ideas and proposals which will influence our client.

Do not assume that your clients will do business with you for purely rational reasons. They will have their own questions about you, questions which they will never ask you, but they will want to know the answers to: “*Are you someone I can trust? Are you someone who can help us and not hurt our organisation?*”.

Authentic behaviour has the advantage of being very simple to use - you express verbally what you are experiencing. Authentic responses concentrate on the relationship between you and the client, forcing the client to give importance to your role in the process.

Use simple direct statements about your relationship with your client to help balance the relationship, avoiding total control by the client, and total control by you. You’ll see some examples of authentic and non-authentic language in the case studies that follow.

If your first language is not English your limited fluency will be to your advantage because first language English speakers who try to use complex language may not be using authentic behaviour.

Read the following case study in detail and then, working with another student answer the questions that follow it.

► **Case Study 1 : Using Authentic Behaviour**

You work for a major national bank which intends to sell its banking products and services to clients in other countries where the official language is English. One of your prospects is MZL, a large company based in the UK. MZL is interested in what your bank has to offer. In fact the Chief Executive of MZL met you two months ago and suggested that you and your team prepare and give a presentation to MZL's Board of Directors.

Since then you and your team have worked very hard indeed. You've done a lot of research, and you have spent many hours travelling and talking to many people - including members of the MZL Board of Directors. You have put a lot of effort into preparing the presentation. It will be very professional indeed. You hope that after the presentation, at which you can answer any questions they may have, the Board of Directors will agree to using your bank's services.

You are now in a meeting with the Chief Executive of MZL and have informed him that you and your team is ready to give the presentation. He says "Actually, I'd like you to give your presentation to a group of accountants in the Finance department. My Board and I will meet later to consider what they think. We will let you know the results."

You have invested considerable time and effort in preparing a presentation for a board meeting which you had expected to attend.

How do you feel about not being able to give the presentation to the Board of Directors?

What might you be experiencing in this situation ?

What would you do?

What would you say to the Chief Executive?

What authentic responses could you give?

Discuss your answers with another student.

For the duration of the discussion do not turn to the next page yet.

What might you be experiencing in this situation ?

You might think that your work is unimportant. You have been heavily involved in the preparation of a presentation. Now the Chief Executive wants to keep you distant from the decision making process. He is resisting your involvement.

If you used a non-authentic response you might say :

“There might be some information that I haven’t included in the presentation that would be relevant to your Board and for that reason I would like to give the presentation to the board of Directors.” *or* “But you promised us two months ago that the presentation would be given to the board of Directors.”

Alternatively you might accept the Chief Executive’s decision as final. The non-authentic response deals indirectly and impersonally with the resistance, and makes it easier for the Chief Executive to stay distant and control your concern.

If you were using authentic behaviour, what authentic responses could you give?

Authentic behaviour would be based upon what you were feeling and experiencing at the time the Chief Executive spoke to you. Authentic behaviour focuses on the relationship between you and the client, forcing the client to give importance to your role in the process. An authentic response might be :- “You are excluding me from the decision-making process. I would like to give a presentation to the Board of Directors, even if you feel it is inconvenient”.

Read the case study on the next page and, working with another student, answer the questions that follow it.

► Case Study 2 : Using Authentic Behaviour

A consultant meets with the Managing Director of a local advertising agency. The consultant has been employed by the agency's Head Office to conduct a financial audit. The audit will have far reaching financial implications for the agency. The consultant expects that this meeting will be the first in a series of meetings with the MD and his staff.

At the meeting the Managing Director says to the consultant "This audit should take only a few days. I personally won't be around to answer any of your queries but my secretary may be able to help. The staff are also under a lot of pressure and you shouldn't take up too much of their time."

Describe what the consultant might be experiencing.

Can you give an example of what the consultant might say as a non-authentic response in two or three sentences ?

Authentic behaviour would be based upon what the consultant is feeling and experiencing at the time the MD spoke to him.

Can you think of an example of an authentic response in two or three sentences?

The audit will take place regardless of whether the response is authentic or non-authentic. What difference will the authentic approach make for the consultant?

Dialogue Planning

Communication Objectives

The objectives of any business communication with your client are to collect facts and opinions, explore and evaluate his or her needs, and to focus on results that enable you to reach some form of agreement.

We may work to achieve these objectives in a variety of ways: formal and informal meetings with the client, either in groups, or in personal meetings and interviews, in written correspondence, or on the telephone. Although the situations may be different, the objectives are usually always the same.

In this section we build the foundation upon which Authentic Behaviour, and other techniques to be introduced later, are based. We develop Question Techniques and a Dialogue Plan - a technique for planning dialogues with a client applicable in any business situation. The Dialogue Plan helps us in two ways :

- ◆ *It allows us to develop a logically consistent dialogue, so that we are able to collect facts and opinions, explore and evaluate needs, and reach agreement with the client.*
- ◆ *It allows us to move from what the client says - from the facts, through the levels that concern the client's feelings about you, your company, your products and services, to reaching your client's beliefs and personal values.*

Every dialogue should have a purpose: a set of objectives that enable us and the client to reach agreement. The language we use will enable us to progress smoothly from defining the objectives through to identifying needs in four stages :

- | | |
|---|------------------------|
| 1 | Open Up |
| 2 | Probe |
| 3 | Explore needs |
| 4 | Simplify and summarise |

Stage 1 : Open up

Use open-ended *wh*- type questions, or make statements which compliment the client, allowing you to open up the dialogue. In most situations where the client is external to your organisation and unfamiliar to you, you should use formal language. The examples used here will focus on formal language.

Encourage the client to talk about the things that interest him/her.

What makes you enthusiastic about this project?
You seem to be very keen on Eastern European markets.
You must be very pleased with the Times' article on your company.
You must feel happy with your company's flotation on the Stock Market.

Stage 2 : Probing

Use open ended probing questions to collect facts and information about the clients needs and wants:

Perhaps you would like to tell us about your product range...?
When you say that your company is interested in .. what particular aspects had you in mind ?
How often / frequently do you?
When do you?
When does that happen ...?
Could you expand on that please ?
Why do you think that ?
It seems to me that you
It appears that

If you are not sure what your client has said politely ask him/her to repeat it.

I'm sorry, I don't quite follow you..
I'm afraid I'm not with you there.
What do you mean by.. ?

When clients start to use *'I think, I believe, I feel'* then they are supplying you with information about how they feel about an issue. You can then respond by exploring client feelings in order to establish their needs.

If the dialogue is not progressing beyond the 'facts' level and the client is not yet supplying you with information about how he or she feels about an issue then tentatively explore the client's needs. It is possible that the client may not be ready to deal with you now. If you are both using authentic behaviour then you should recognise this and respond accordingly.

► Exercise 1

Work with another student, one who you don't know very well. Prepare an outline dialogue plan using opening-up type questions to find out more about that person.

As the other student gives you his or her response prepare an appropriate probing question to ask for each reply given.

Take your time. It's better to do it slowly and accurately even if it doesn't sound natural.

Stage 3 : Exploring client needs

This section focuses on the third stage of the method - exploring client needs. In this stage we look at the language you should use to identify your clients' needs and the language they use to express those needs.

To explore and evaluate client needs use open and probing questions. The key to your clients' needs is found in their use of *priority* words and *criteria* words. These indicate how a client is going to make a decision.

Priority words

Priority words are found in your clients' answers to these questions:

What are you looking for in ... [this product / business..] ?

What do you want in a [product/service..] ?

What is your greatest problem ...?

What other problems have you ?

If you could change things, what would you change ...?

Do you have a preference for?

What role do others play in this problem?

What else is important.....?

Listen carefully to your clients' responses and note the *adjectives* and *adverbs* they use to describe events and actions which are important to them. Then ask more probing questions, using these same words.

For example, if you ask your clients "*What do you look for in a computer system?*" their response will reflect the priorities they give to their choice. They may reply "*I look for good service. I also look for high quality, and price is always a factor*".

At this stage you don't know the importance they give to their choice. Your interpretation of their priority words (*good service, high quality, price*) may be different from theirs. Your clients know what *good service* means to them, and if you use it in your response to them, *they* will know its value - *you* don't need to know its value.

As the clients provide you with their needs, reinforce their priority words, by frequently summarising using the priority words. For example, you could summarise what you've heard by saying:

"OK I'm beginning to get the picture. You're saying that a new system would require good service from the supplier,the quality of the system unit must be of high quality,.... the price is an important factor....."

► Exercise 2 : Using priority words

You have an opportunity now to practise using and identifying priority words in a dialogue. Work in pairs. Your trainer will give you your worksheets.

Criteria Words

Your client will have a set of criteria that your product or service must meet. Criteria are objective and measurable:

“The system must be *operational* by 1st October, and an engineer must be on-site *within* four hours of callout.”

Use these questions to elicit the client’s criteria for a product or service

“What are you using now ...?”

“What do you do currently ...?”

“What do you like most about it ...?”

“What do you like least about it... ?”

The answers to these questions tell you what the client has, what she wants to retain, and what she wants to change, without having to ask directly what the problem is.

You : “What do you use now ?”

Client : “We don’t use a computer system.”

You : “So you do things manually ?”

Client : “Yes”

You : “What do you like about the manual system ?”

Client : “Well, I can keep control of all my own paperwork and I can get results quickly, usually in 2 or 3 hours.”

Here the client is using the criteria words *control* and *quickly*. If you can demonstrate that your product or service will do more in a shorter period of time, and that it will give better control then your client will be more interested in what you are offering.

Strength of needs

You will need to recognise the strength of your client's needs and, in addition, if your client is exploring your needs you will want to express these appropriately. Some key language which may be used includes:

Strong expressions

"I'm convinced that..."

"I'm sure/certain that...."

"It's very clear that"

Neutral expressions

"I think that"

"I believe that..."

"As I see it..."

"The way I see it"

Tentative expressions

(the speaker's opinion could be changed through persuasion)

"It seems to me that..."

"I'm inclined to think....."

"I tend to favour the view.... "

"My inclination would be..."

Stage 4 : Simplify and summarise

Having established your client's needs and that your client understands your needs, you may begin to summarise the key issues and needs. Continue to focus on the client's priority and criteria words as benefits and summarise these:

"So, may I just summarise here? You're looking for a system/equipment that will .."

If your summary contains a list of points then sequence them with

Firstly...

Secondly...

Thirdly...

Finally.....

There is rarely a clear distinction between Stages 3 and 4 and you may find that you have return to Stage 3 to explore client's needs further.

Having established client needs and wants you are in a position to move to the final stages to agree action.

The 5D Model of Persuasion

Decide, Define, Defeat, Deploy, Duplicate

Your ability to successfully persuade your client is strengthened if you are able to understand your client's point of view, even though you may not agree with it. We can use a very simple strategy called the *5D Model of Persuasion* to help us persuade our client.

Read about the 5D Model below, then answer the questions that follow it.

5D Model of Persuasion

The 5D Model of Persuasion is based upon the following 5 basic points:

DECIDE

DEFINE

DEFEAT

DEPLOY

DUPLICATE

You will find it easier to write down your statements and arguments under each heading. Do not reveal the content to your client.

Decide where you stand on the issue and write it down under this heading.

Define and write down exactly what your intentions are. This avoids any misunderstanding or ambiguity.

Defeat your client's arguments in the following way. Consider your client's position before you start the dialogue. Write down each of your proposals. What arguments will the client use against you for each of these? Write these down under the heading. If you are not sure what arguments the client may use ask yourself the question: *If I say this, what is he/she likely to say?*

Take each of the client's arguments and prepare your own counter-arguments against these. It is important that you remove as much strength from your client's position before he or she can present his or her case. You need to be able to discredit their viewpoint as quickly as possible when you present your arguments in the next stage.

Deploy your counter-arguments in the following way. For example, you might anticipate the client responding to you with an argument where he/she is concerned about lack of finances or resources. Give your response before your client has the opportunity to express concerns. Your response might begin: *“I know that we don’t have the money or resources but we could finance it from another budget .”*

Decide which are the two or three most important points in your argument. Prepare the reasons which you will use for each. To maximise your impact leave the strongest and most important arguments to the last. Restrict the number of arguments to those that you can easily defend. Any proposal which the client can defeat weakens your bargaining position.

Duplicate by summarising at the end. Be brief and concise.

► Exercise 1 : Understanding the 5 D Model

Work in pairs. Having read about the 5D Model decide whether the following statements are true or false.

- In this context the word ‘argument’ means a reasoned proposal, and does not refer to a disagreement between people.
- The 5D Method helps you to anticipate what your client, customer or opponent is going to say.
- If you can anticipate what your client is going to say then you can formulate and give your response before he or she does.
- It is best to focus only on those issues, problems and arguments for which you have answers and solutions.
- Most people are best at remembering things which happened at the end of the sequence of events. It is therefore a good idea to keep the most important issue or argument to the last.
- Your client may improve his or her bargaining position if they find one of your arguments easy to challenge. Therefore it’s a good idea to keep your list of points to a minimum.

► **Exercise 2 : Using the 5 D Model to persuade**

Work in pairs. Take it in turns to persuade the other, and to be persuaded. Each member selects one of the case studies below. Spend about 10 minutes preparing your 5 D Model and act out the role.

Find an object in the room or something that you carry which might have value to the other person. Try to sell the item, stressing its value to the other person.

Try to persuade the other person to do something that you believe would be good for him or her (for example change a habit, go on a diet, take more exercise, learn a new language)

Present your position on a current social, environmental or political issue. The other person will attack your position and ask searching and difficult questions. Defend your position.

► **Exercise 3 : Case Study**

This case study concerns the production of computer produced sales reports in a large international organisation. The nature of the business requires that work requested by the Marketing Division is processed on the organisation's computer systems by the Computer Services Division.

There is no direct liaison between the Marketing Division and Computer Services Division; all work is scheduled through a Liaison Unit in the Administration Division.

The correspondence which follows refers to a breakdown in communications between two Units - the Liaison Unit within the Administration Division, and the Computing Operations Unit within the Computer Services Division.

Read the memoranda on the following pages, then answer the questions which follow them

Memorandum

To : Deputy Director, Administration Division
From : H Thompson (Admin Div. Liaison Unit)
Copy : Computer Services Manager
Date : 23/5/99

Will you please inform the Computer Services Manager that I do not require written permission from Administration Division Managers to change schedules which effect outstanding production work for the Marketing Division?

This morning I asked computer operations to run some reports - the reply I received was "We want to tidy up the outstanding work first so that we can keep better control of the work. If you want this work processed you will need written authorisation from your manager".

The work has now been processed, finally, after being slowed down by unnecessary 'red-tape'.

HT

Memorandum

To: Computer Services Manager
From: Deputy Director, Administration
Copy: Admin Liaison Officer (HT)
Chief Executive (enclosed copy of original memorandum)
Date: 23/5/99

Please note that the Admin Liaison Officer always speaks with the full authority of Administration's Senior Management Team concerning all matters of computer scheduling, unless his instructions have been specifically countermanded by the Director, the Liaison Officer's manager, or myself.

It is essential that his scheduling instructions are carried out without resorting to "red-tape". The existing, manually scheduled system as we have is quite enough of a bottleneck, without creating further difficulties.

DS

Memorandum

From: Computer Operations
To : Computer Services Manager
Date: 24/5/99

I am led to believe that all data and report requests submitted by Administration Staff on the computer system are not checked (and never have been). The main reason given is lack of time. Because this extremely dangerous decision causes errors many reports etc are being rerun. This so-called 'lack of time' in Administration becomes wasted time on the main computer. Therefore overall, no time is really saved and unnecessary aggravation is caused between Computer Operations and Administration.

An example of the problem occurred last weekend when many reports had to be rerun, owing to incorrect computer data. One of our shift leaders was put under extreme pressure from Administration to run many unscheduled reports. If this type of situation continues, operations staff will not volunteer for week-end work.

R.Donatti

Memorandum

From: Anne Robbins, Marketing Division
To : Computer Services Manager
Date : 26/5/99

I understand that there has been some difficulty in producing the reports we requested. We appreciate the fact that your staff have been working voluntarily at weekends for the last month, and are quite happy with the level of service which the Computer Service Unit provides.

I'm not entirely convinced that we in Marketing Division should have to schedule all our computing work through the Administration Division because there are inevitable delays when we are in fact 'competing' with other divisions for computer time. I'd rather deal directly with Computer Services for our computing needs than go through a third party.

Anne R.

Memorandum

From J Timothy (Chief Executive)
To Computer Services Director
Date : 29/5/99

I have received the attached correspondence in connection with some problems in the Computer department. Can you sort it out please and let me know the outcome ?

JMT

Read through the case study memoranda and answer the following questions.

What Divisions are involved?

Who are the senders and recipients of the memos?

What is the normal process for getting reports from the main computer?

Draw a diagram of the organisation if it helps you understand the problem.

Now consider the position of the Computer Services Manager. The issue which was previously a departmental issue has now been brought to the attention of J Timothy, the Chief Executive of the organisation - the Deputy Director's memo has been copied to him. The Computer Services Manager is now preparing for a meeting with his Director as requested by the Chief Executive.

Work in your groups.

Discuss the problems facing the Computer Services Manager.

*In his meeting with his Director he will use the 5D model to present his case. There is sufficient information in the memos given above to help him prepare a good case. Discuss the Computer Services Manager's objectives in the **Decide** and **Define** stages of the 5D Model.*

*What arguments could he use (**Deploy** stage) to support his objectives?*

What counter arguments might he expect from his Director?

*What response might he give (**Defeat** Stage)?*

Write down the 5D Model that he should use under the 5 headings.

Sources of Power

Your sources of power

When we influence other people - customers, clients, partners - we use different sources of power. In order to influence others successfully you need to understand what sources of power you possess. In the activities in this chapter you will find out what sources you use when dealing with others, and how to improve your weaker sources of power.

► Exercise 1 : Sources of power

Read the following dialogues. The first statement (A) in each dialogue pair describes different ways in which we can influence other people.

Work individually. Think about the work that you do. Which of the seven statements labelled A do you agree with?

Now work in pairs. Look at the question (B) in each dialogue. Tell each other the answer to each question if you agree with its corresponding statement A.

1 A "I can give punishment to those who do not co-operate with me"

B "What punishment can you give ?"

2 A "People know that I have connections with important people"

B "What connections do you have ?"

3 A "People respect my knowledge, judgment and experience."

B "What knowledge and experience do you have ?"

4 A "I own or have access to information that is of value to others."

B "What kind of information do you have ?"

5 A "My position gives me authority to decide what people do".

B "What is your position in the organisation ?"

6 A "People like me and want to do things that will please me".

B "What do people like about you ?"

7 A "I can provide rewards and support to those who co-operate with me".

B "What rewards and support can you provide ?"

► Exercise 2 : Sources of power questionnaire

In this activity we help you build your personal power profile.

Skim read the following questionnaire. Check any unfamiliar vocabulary. Then read the instructions in detail and answer the questionnaire.

Instructions

There are 21 pairs of statements. Each statement is a reason why people do what you ask them to do when you are working with them. Allocate 3 points between the 2 reasons in each pair. If you agree very strongly with one reason, give it more points than the other reason.

For example, in the first pair you can only allocate points between statements A and B like this:

A 3	A 2	A 1	or	A 0
B 0	B 1	B 2		B 3

The numbers in each pair must add up to 3.

Do the same for each of the other questions (C and D in the second pair, E and F in the third pair, etc)

Sources of Power Questionnaire

When I work with people they respond to my influence because....

- | | |
|-----|---|
| 1 A | I can give punishment to those who do not co-operate with me |
| B | They know that I have connections with influential and important persons |
| 2 C | They respect my understanding, knowledge, judgment and experience |
| D | I own or have access to information that is valuable to others |
| 3 E | My position in the organisation gives me the authority to decide their work |
| F | They like me personally and want to do things that will please me |
| 4 G | I can provide rewards and support to those who co-operate with me |
| A | I can give punishment to those who do not co-operate with me |
| 5 B | They know that I have connections with influential and important persons |
| C | They respect my understanding, knowledge, judgment and experience |
| 6 D | I own or have access to information that is valuable to others |
| E | My position in the organisation gives me the authority to decide their work |

- | | |
|------|---|
| 7 F | They like me personally and want to do things that will please me |
| G | I can provide rewards and support to those who co-operate with me |
| 8 A | I can give punishment to those who do not co-operate with me |
| C | They respect my understanding, knowledge, judgment and experience |
| 9 B | They know that I have connections with influential and important persons |
| D | I own or have access to information that is valuable to others |
| 10 C | They respect my understanding, knowledge, judgment and experience |
| E | My position in the organisation gives me the authority to decide their work |
| 11 D | I own or have access to information that is valuable to others |
| A | I can give punishment to those who do not co-operate with me |
| 12 E | My position in the organisation gives me the authority to decide their work |
| B | They know that I have connections with influential and important persons |
| 13 F | They like me personally and want to do things that will please me |
| C | They respect my understanding, knowledge, judgment and experience |
| 14 G | I can provide rewards and support to those who co-operate with me |
| B | They know that I have connections with influential and important persons |
| 15 A | I can give punishment to those who do not co-operate with me |
| E | My position in the organisation gives me the authority to decide their work |
| 16 B | They know that I have connections with influential and important persons |
| F | They like me personally and want to do things that will please me |
| 17 C | They respect my understanding, knowledge, judgment and experience |
| G | I can provide rewards and support to those who co-operate with me |
| 18 D | I own or have access to information that is valuable to others |
| F | They like me personally and want to do things that will please me |
| 19 E | My position in the organisation gives me the authority to decide their work |
| G | I can provide rewards and support to those who co-operate with me |
| 20 F | They like me personally and want to do things that will please me |
| A | I can give punishment to those who do not co-operate with me |
| 21 G | I can provide rewards and support to those who co-operate with me |
| D | I own or have access to information that is valuable to others |

When you have finished total the points that you have given to each statement labelled A, B, C, D, E, F, G, and write the totals below. As a check the total of all points should be 63.

$$\begin{array}{cccccccc}
 \square & + & \square & + & \square & + & \square & + & \square & + & \square & + & \square & = & 63 \\
 \mathbf{A} & & \mathbf{B} & & \mathbf{C} & & \mathbf{D} & & \mathbf{E} & & \mathbf{F} & & \mathbf{G} & &
 \end{array}$$

Mark with an **X** the score (0 - 18) for each category (A-G) on the scale below.
Connect the **Xs** with a line to produce your profile.

18	.	.	.	.	.	.	.
17	.	.	.	.	.	.	.
16	.	.	.	.	.	.	.
15	.	.	.	.	.	.	.
14	.	.	.	.	.	.	.
13	.	.	.	.	.	.	.
12	.	.	.	.	.	.	.
11	.	.	.	.	.	.	.
10	.	.	.	.	.	.	.
9	.	.	.	.	.	.	.
8	.	.	.	.	.	.	.
7	.	.	.	.	.	.	.
6	.	.	.	.	.	.	.
5	.	.	.	.	.	.	.
4	.	.	.	.	.	.	.
3	.	.	.	.	.	.	.
2	.	.	.	.	.	.	.
1	.	.	.	.	.	.	.
0	.	.	.	.	.	.	.
	A	B	C	D	E	F	G

► **Interpretation of sources of power questionnaire**

Each letter represents a source of power. A high score on any of these means that you use these sources of power to influence others.

A - Coercive power

Coercive power is based on fear. This power base influences others because failure to do what is required will lead to punishments such as undesirable work, reprimands or dismissal.

B - Connection power

Connection power is based on “connections” with influential or important persons inside or outside the organisation. Someone who scores highly in connection power influences others because of his or her knowledge of other more powerful influential people.

C - Expert power

Expert power is based on a person's expertise, skill and knowledge which gain the respect of others. Someone scoring highly in expert power is seen as being able to help and advise others.

D - Information power

Information power is based on the person's possession of, or access to, information that is valuable to others. This power base influences others because they need this information to do their job.

E - Legitimate power

Legitimate power is based on the position held by the person as a leader. The higher the position, the higher the legitimate power. Someone scoring high in legitimate power influences others because they feel that this person has a legal right to give orders or instructions.

F - Referent power

Referent power is based upon a person's personal characteristics. Someone with a high score is generally liked and admired by others because of personality.

G - Reward power

Reward power is based on the person's ability to provide rewards for other people. They influence others because they are able to give incentives such as pay, promotion or recognition.

► Exercise 3 : Power profiles

Examine your own profile and consider the answers to the following questions:

What are your strongest and weakest sources of power ?

Think of some two or three people with whom you work - colleagues and clients.

What sources of power do you think they have?

Now work with a partner and decide what sources of power the following occupations might have. Give reasons for your answer.

- | | | |
|--|---------------------------------------|----------|
| 1.Judge | 2.Medical Doctor | 3.Lawyer |
| 4.Managing Director of a small company | 5.Chairman of a multinational company | |
| 6.Personnel officer | 7.Bus driver | |

► Exercise 4 : Improving your weakest sources of power

Do you think it is possible to improve your weakest sources of power? Skim the text to find the answer.

Coercive Power

Coercive power is normally found in working relationships where one person has direct responsibility for the work of others, for example, the relationship between manager and subordinate. If coercive power is used against you, you must overcome your fears and be prepared to stand for what you believe is right. Do not allow the fear of punishment to affect your judgment. Insist that any proposal is judged on its merit.

When you use coercive power, always think through the long term effects. Coercive power can damage a relationship.

Reward Power

The only way to protect yourself against reward power possessed by your client is to demonstrate your reluctance to accept the 'reward'. You want to receive it on your own terms, not the client's terms. For example if you were buying office premises you might be prepared to list the faults, and indicate to the salesperson that you were considering other properties, before committing to a purchase, even if the premises were ideal. Accepting the 'reward' offered by the salesperson on his or her terms (buying office premises at the asking price) will cost you.

You can use reward power in much the same way. Unless your clients possess good negotiating skills, they may be willing to accept your offer on your terms.

Legitimate Power

People will go to great lengths to obey commands from those with authority. When people are given titles, or wear uniforms we recognise their power as legitimate. Where legitimate power is being used against you do not feel intimidated by the title, position, or office held. The holder of legitimate power, whether a Prime Minister, President or head of a multinational corporate organisation is only human.

If you are weak in legitimate power and need to improve this source of power, find other sources of evidence that you can use to strengthen it. Official price lists, letters of credit, and letters of introduction are examples which will improve your legitimate power and credibility with your clients.

Information Power

Information is a key to successful influencing. If you do a lot of detailed information research beforehand, you can protect yourself against information being distorted or concealed by your client. The more information you gather, the more power you will have.

Give information to your client carefully. Never lie, if the business relationship is to continue, but you need not always tell your clients everything you know.

Expert Power

Expert power is a special kind of information power. Information provided by an 'expert' is usually more credible and influential. Experts usually use their power through their credentials - certificates, qualifications, and sources of information which may be obscure. If you are high in expert power then be prepared to demonstrate it.

If you need to use expert power, and you are not an expert, then consider obtaining the help of an expert to help you. If you are going to be challenged by an expert then it pays to prepare beforehand. Obtain some knowledge of the area. An expert will know a lot about a little and can be tested. Experts can always be contradicted by another expert. Experts cannot easily challenge what is common sense.

Referent Power

We generally prefer to respond more positively to people we know and like. People with this power base possess a wide range of qualities such as openness, honesty, and integrity. Very rarely will people develop charismatic qualities which enable them to influence large numbers of people.

To improve our referent power we need to develop our relationship building skills. To respond to a possible misuse of referent power, where the person is known to use and wishes to take advantage of that power with us, we must separate out the business element from the personal relationship, and respond using a more appropriate style.

For example, when I was living in Cambridge my neighbour managed a small company. He knew that I had been involved in European funded projects and, whilst gardening one evening, he asked me for advice on how to get some finance from the European Social Fund to promote his company in Europe.

I replied that there were many EU funded programmes for which his company might be eligible, but that it would take too long to discuss in the garden. I said that it would be best if he came to my office the next day to see how I could be of help.

Here I managed to avoid misuse of my referent power by my neighbour and indicated my desire to work on a more formal basis using my expert and information power.

Connection Power

Connection power is similar to referent power. If we are low on connection power then we need to develop our relationship-building skills in more formal situations. Examples include membership of professional, social and political organisations.

Similarly you need to adopt appropriate strategies for possible misuse of connection power. You can distance yourself from the client, avoiding situations which might be politically or socially undesirable.

► **Exercise 5**

Scan the text to find the answers to the following questions:

Prime Ministers and Presidents use Legitimate Power. True or False ?

Which sources of power are very similar? In what ways do they differ?

Price lists, and qualifications can help to improve two sources of power. Which ones are they? How do they help?

Why should you be careful about using sources of power?

Compare your answers with another student when you have finished.

► **Exercise 6**

Using the text as a guide consider the sources of power you use most.

In what ways could you improve your low scoring sources of power ?

► **Exercise 7 - Power Profile Case Study**

Read the case study below and answer the questions that follow it.

BIOESP is a small medical research unit attached to a university in Spain. It is part of a European partnership receiving funding from the COMETT programme. [COMETT - a European Community programme concerned with co-operation between universities and industry regarding training in technology.]

This COMETT project is being managed by CHEM-TRAIN, a leading commercial training organisation, based in the UK. A successful application for COMETT funding was made by CHEM-TRAIN, in English.

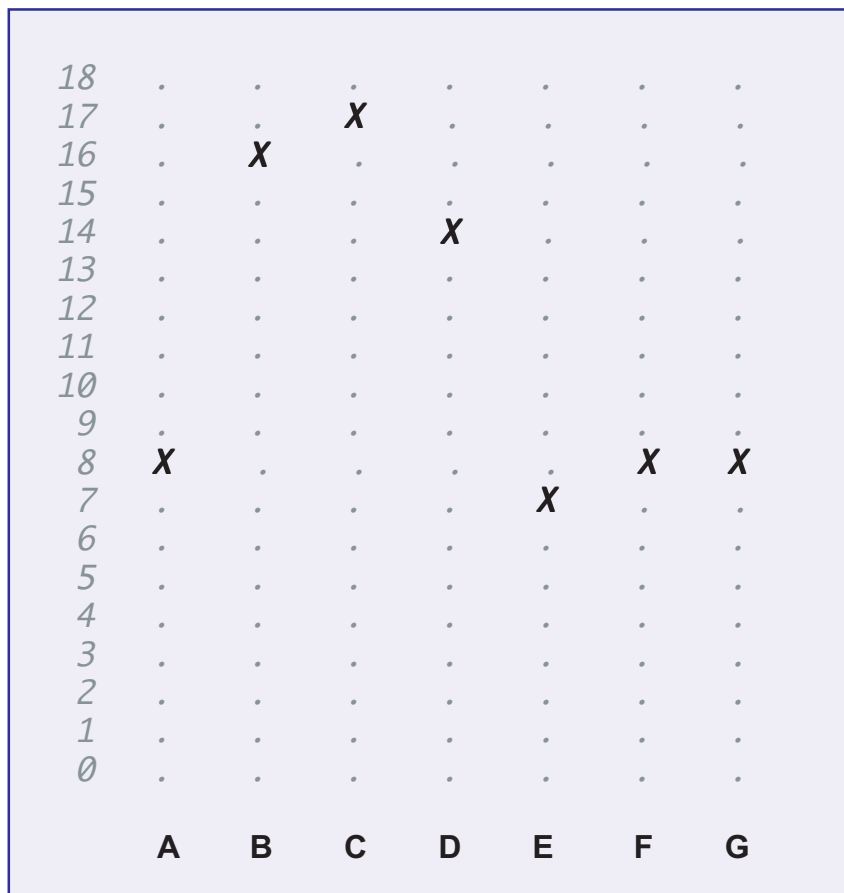
Communication between all partners in the project, including BIOESP, is in English. BIOESP is headed by Daniel Munoz. Daniel thinks that CHEM-TRAIN, as the project managers, could do more to help BIOESP financially.

A project meeting is to be held in London. Daniel Munoz will attend with other European partners in the project. This COMETT project involves the development of training programmes in the area of medical technology, and the exchange of experiences between all partners.

All partners in the project will benefit, but Daniel believes that CHEM-TRAIN will benefit more than the other partners in the project. He says "CHEM-TRAIN are the project managers, they deal directly with Brussels, in English and not in Spanish."

What does Daniel Munoz want CHEM-TRAIN to do?
 What could he do to influence CHEM-TRAIN?
 Label the columns below and interpret the Daniel's profile.

► **Label the columns and interpret Daniel's profile**



Answer the following questions, based on Daniel's profile.
 What is his strongest power base, and his weakest power base?
 How could he use this information to influence CHEM-TRAIN?
 Prepare a 5D model which Daniel could use when he meets CHEM-TRAIN at the meeting in London.
 Was it easier for you to decide what advice to give Daniel **after** you saw his power profile? Give your reasons.

➤ Exercise 8 - Your Personal Action Plan

Think about your power profile and the ways that you could use it to help your company influence your international partners and clients in English. You may keep your own power profile confidential and discuss it with your trainer, or discuss with others in the group if you wish.

Read the text below to help you prepare your Action Plan.

Sources of Power

Research has shown that negotiators are more effective when they have similar types of influencing power. It is therefore sensible to determine the influencing power of your clients and build your own position to equal theirs, at least. When you are working with new clients you will not know what their power profiles are. You may be able to make reasonable guesses, based upon the nature of their organisation and their position in it. When you meet them face-to-face you can then make more accurate estimates of their power bases.

In situations where you want to influence others - negotiations, for example - you do not know the limits of your power because that depends on how others view you. You will only know what the limits are when you are no longer able to get the other person to do what you want.

Influencing power is a state of mind. If you think you have no power you will negotiate poorly and weakly - even if you do have the power. Those who think they have the power will negotiate from a position of strength. In preparation for influencing others you must make them believe that you have a strong power source, for example:-

- ◆ Build upon the stronger sources of power that you have identified in your power profile
- ◆ For weak sources of power in your power profile, find other sources of evidence that you can use to support these weaker bases. For example, use published sources, documents, articles that will support your use of expert power, if that is weak. Use documents with inherent legitimate power, for example, price lists, if your legitimate power is weak.
- ◆ Use other sources of power, not covered in this power profile, such as
- ◆ the power of commitment - developing a strong commitment to your organisation and goals; your client will respect you more for that strength of commitment,

- ◆ the power of risk taking - unexpected action might give you an advantage over your client,
- ◆ the power of using time - negotiations constrained by time lose power,
- ◆ the power of control - you decide the agenda, you control it, use your own familiar venue, have all information easily available, and plan the seating arrangements. [This source of power has prominence in non-Western cultures where there may be a strict protocol governing seating arrangements.]

Skilled influencers will maximise their power from all sources. Use your knowledge of your sources of power, both strong and weak, to:

- *build* your influencing power profile
- *match* it with your estimate of your client's profile
- *apply* your sources of power to your client and
- *respond* appropriately to his or her power used against you

Your Personal Action Plan

- 1 Write a short summary of a situation where you are required to work with clients using English. [*Example - We are a Spanish subsidiary of a company whose headquarters are in Norway. All communication from the office in Oslo is in English. We work*]
- 2 List one or two problems in your working relationship with these clients [*For example - They want us to sell our products at a price which is too high for our customers in Spain.]*
- 3 Examine your own personal power profile. Are there sources of power which you could use, or improve, to persuade your clients to do what you would like them to do? Decide which are the two most important sources of power. Write down how you would use these. [*For example - Find out more about our competitor's prices, talk to our major customers and get their support (Information power). Is there an international or European organisation that can help us ? (Connection power)]*

- 4** What do you know about the client's organisation? Make an estimate of power profile of one of the people that you deal with. What do you think are his / her strongest and weakest power bases?
- 5** What are the differences between your profile and your client's profile? How could you use your profile to match your client's?
- 6** What sources of power do you think your client will use against you? How would you respond?

The Language of Signals

Hidden Meanings

We use language to convey a particular meaning, whether it is a statement (to provide information), a question (to obtain information), or an imperative (an instruction to do something).

We try to be as explicit as possible so that what we say is usually what we mean. Sometimes, however, the real meaning is different. Signals are most frequently used when we wish to indicate tentatively that our position on a particular issue could change.

► Exercise 1

Work in pairs. For each of the statements shown discuss the possible hidden meaning for each statement.

We would find it extremely difficult to meet the delivery date...

Our production line is not really set up to meet this requirement..

We cannot negotiate on this price....

It is not our normal practice to supply in less than 1000 units...

We can discuss this price..

We would never negotiate on price...

We cannot admit liability.....

We cannot deliver that quantity in the time that you require....

It is not our normal policy to give discounts...

It is not our policy to give discounts, and if we did they would not be as large as 15%.....

These are our standard terms of contract.....

Our price is very reasonable.....

When you have finished compare your answers with another pair. Then check your suggestions with those provided by your trainer.

Use of Signals

It is important you appreciate that what a native English speaker says is not necessarily what he or she means, especially in a bargaining situation. The skilled negotiator will use signals to indicate that he or she is ready to bargain or make concessions at some stage in the negotiation proceedings. For example the negotiator may start the negotiation with a *definite* statement such as the following :

“We do not offer discounts”

and at a later stage revise it to a *tentative* statement:

“We do not normally offer discounts”

meaning that that they might offer a discount (for example, if the listener committed to buying more of the product.) Here the strength of the original statement has been reduced by the use of *normally* to make it more tentative.

► Exercise 2 : Hidden meanings

Look at each of the hidden meanings for each statement in the list provided by the trainer as answers to Exercise 1. Work with your partner. Analyse the ways in which the original and the modified statements differ in (a) meaning and then (b) in language.

► Exercise 3 : Practise using signals

Think of statements that you could make about your company's products or services, in the opening of a negotiation, and how you might change these using signals to indicate that you are prepared to change your position (if certain criteria, that you have defined, were to be met).

The Influence of Groups

Characteristics of Groups

The ability of groups to influence opinion is evident in the world around us. Political parties, religious groups, trade unions, chambers of commerce - all share a common characteristic. They are capable of influencing others in ways which an individual could not possibly achieve alone.

Does our behaviour change when we work in a group? Why are some groups more effective than others? Can we identify the factors which make groups effective? How can we use our knowledge of group behaviour to improve our meetings with clients, suppliers and partners? And how can we use these factors to improve our negotiating position with business clients? We'll find the answers to these questions in this activity

We examine the roles of individuals in groups and find that there are ways in which we can improve our performance by evaluating the role played by each member of the group. You will have the opportunity to produce your own team role profile and use this to build your negotiating skills in meetings.

Group Think

Psychologists agree that any group which is composed of the brightest and most intelligent minds is never the best. Such a group is at risk from *group-think*. Group-think occurs when a group is so focused that even the most intelligent and well-intentioned of people can lose a grip on reality. The effect is that the group's morale, member loyalty, and the desire for consensus override any realistic evaluation of options. The result is that outcomes are based on irrational rather than rational reasoning. Some of the symptoms of group-think include :-

- *Risk Shift*. Groups become too optimistic and take extraordinary risks without realising the dangers.
- *Rationale*. Evidence that is not consistent with the group's policies is explained away.
- *Morality*. Moral or ethical implications of a policy are often ignored by such groups.
- *Pressure*. The group exerts subtle pressure to silence any member who expresses doubts.

The result of group-think is that the group cannot evaluate the risks in its strategy. One way of avoiding group-think in the executive boardroom is in the use of non-executive directors, because small groups can become too cohesive to be effective and a non-executive director can offer independent input. To avoid *group-think* groups must become more outward looking, with outside viewpoints accepted.

► **Exercise 1 : Your groups**

Work in pairs. Think of some groups in which you have been, or are, a member. Which ones were effective, and which groups were not effective? List the reasons why some of those groups were not effective. If the group was not effective because of 'group-think', can you think of ways of avoiding it? Compare your answers and discuss them with another pair of students.

We now examine how an individual's personal characteristics influence the effectiveness of groups. This is extremely relevant to conducting successful negotiations and meetings.

► **Exercise 2 : Personal characteristics**

Think of a group in which you are a member. It may be a group at work, or a group outside work. Think of the personal characteristics of all members of the group. Read the list of phrases below. Tick those that apply to you and those that apply to all other members in the group. Use a dictionary if necessary.

Impulsive	Impatient	Quick to challenge
Self confident	Stable	Dominant
Extroverted	Introverted	Intelligent
Serious	Easily offended	Good judgment
Anxious	Practical	Seeks perfection
Disciplined	Diplomatic	Loyal
Avoids friction	Leads others	Trusts others
Original thinker	Analytical	Concern for detail
Generates ideas		

What other characteristics could you use to describe yourself and other members of the group?

If you could change your personal characteristics, or the personal characteristics of any member of the group which characteristics would you change? Why?

Unfortunately we cannot easily change our personalities or those of others on our team. We can however create more effective teams by choosing members whose personal characteristics balance each other.

It is generally accepted that there are 8 different types of team role that are needed for a group to be effective - the Chairman, the Shaper, the Plant, the Monitor-Evaluator, the Resource-Investigator, the Company Worker, the Team Worker and the Completer-Finisher.

In the remainder of this chapter we describe these roles in greater detail. We help you identify the role that best suits you, and consider the team roles that other members of your group must possess if your team is to be effective. But first, let's establish the team roles that best suit you.

► Exercise 3 - Team Role Questionnaire

This questionnaire gives you a simple way of assessing your best role in a team. Read the instructions carefully. Check unfamiliar words with a dictionary.

Team Role Questionnaire

There are 7 sections. Each section has 8 sentences.

For each section you must distribute 10 points between the 8 sentences. Give more points to those sentences with which you agree. If you disagree with some sentences give them fewer, or zero points.

For example, you may give 2 points to 5 of the sentences if you agree equally with them. Or, you may give all 10 points to one sentence if you strongly agree with it and disagree with all the others.

You must distribute all 10 points between the 8 sentences in each section.

Section 1

I believe that I can contribute to a team in the following ways....

- A I can see new opportunities and take advantage of them very quickly.
- B I work well with many different types of people.
- C I easily produce new ideas.
- D I can encourage those who have something of value to contribute to the group.
- E My personal effectiveness gives me the ability to complete tasks.
- F I will say and do things that may make me unpopular if it leads to valuable results.
- G I usually know what actions are realistic and are likely to work.
- H I can give good reasons for alternative plans, without being prejudiced or biased.

Section 2

It is difficult for me to work with others in a team in these areas...

- A I am not comfortable unless meetings are structured and managed well.
- B I agree too much with other peoples' ideas which have not been fully discussed.
- C I usually talk too much when the group starts discussing new ideas.
- D I am too objective; this makes it difficult for me to be enthusiastic about others' ideas.
- E Sometimes others think I am too authoritarian if something needs to be done.
- F It is difficult to give leadership, perhaps because I respond too much to the group.
- G Often I have too many ideas and cannot concentrate on the main objectives.
- H People think that I worry too much about detail and that things will go wrong.

Section 3

When I am involved in a project with other people.....

- A I am able to influence people without putting pressure on them.
- B I am very careful to ensure that nobody makes careless mistakes and omits things.
- C I make sure that meetings do not waste time.
- D I normally contribute new and original ideas.
- E I always give my support to other peoples' ideas, if they help to meet objectives.
- F I am keen on using new ideas and developments.
- G I am able to help the group make correct decisions.
- H I make sure that all tasks are completed.

Section 4

My typical approach to working in groups is

- A I am interested in getting to know members of the team better.
- B I often challenge the views of others even if my views are different from the group.
- C I usually find good reasons to challenge proposals which are not good ideas.
- D I think I am good at producing results after work is started.
- E I usually avoid obvious ideas; I usually provide unexpected ideas and proposals.
- F I try to be perfect in everything that I do.
- G I am ready to consult people outside the group.
- H Although I am interested in all views, I make decisions very quickly, when necessary.

Section 5

I obtain satisfaction in a job because

- A I enjoy analysing situations and evaluating all possible solutions.
- B I am interested in finding practical solutions to problems.
- C I like to encourage good working relationships between team members.
- D I can have a strong influence on decisions.
- E I can meet people who may have something new to offer.
- F I can get people to agree with a plan of action.
- G I am highly motivated when I can concentrate fully on a task.
- H I like to find a topic or subject that challenges my imagination.

Section 6

If I am given a difficult task with limited time and unfamiliar people....

- A I would work quietly on my own, before deciding what action I would take.
- B I would be ready to work with the person who showed the most positive approach.
- C I would reduce the task size by establishing what different people could do to help.
- D My natural sense of urgency would help to ensure that the team meets objectives.
- E I believe that I would remain sensible and continue to think objectively.
- F I would continue to work steadily, in spite of the pressures.
- G I would take positive action if I thought the group was making no progress.
- H I would encourage discussions to stimulate new ideas and action.

Section 7

Here are some of the problems I have when I work in groups....

- A I am not patient with those who obstruct progress.
- B Others may criticise me because I am too analytical.
- C My desire to ensure that work is done properly can delay progress.
- D I become bored easily and need one or two stimulating people to create interest.
- E I have difficulty in starting work unless the objectives are clear.
- F Sometimes it is difficult for me to explain and clarify complex ideas and proposals.
- G I am aware that I ask others to do things that I cannot do myself.
- H I hesitate to explain my ideas and proposals, if others oppose these ideas.

Team Role Profile

Now enter the points which you have given each sentence, A to H, in each section, into the grid on the following page, then total the columns. As a check, the total of all columns should be 70.

Your Team Role Profile

Section

1 G ___ D ___ F ___ C ___ A ___ H ___ B ___ E ___

2 A ___ B ___ E ___ G ___ C ___ D ___ F ___ H ___

3 H ___ A ___ C ___ D ___ F ___ G ___ E ___ B ___

4 D ___ H ___ B ___ E ___ G ___ C ___ A ___ F ___

5 B ___ F ___ D ___ H ___ E ___ A ___ C ___ G ___

6 F ___ C ___ G ___ A ___ H ___ E ___ B ___ D ___

7 E ___ G ___ A ___ F ___ D ___ B ___ H ___ C ___

Column

Totals ___ + ___ + ___ + ___ + ___ + ___ + ___ + ___ = 70

CW CH SH PL RI ME TW CF

Team Role Profile Analysis

The profile identifies 8 roles which are typical of individuals who work in teams or groups. These are:

CW	Company Worker
RI	Resource Investigator
CH	Chairman
ME	Monitor Evaluator
SH	Shaper
TW	Team Worker
PL	Plant
CF	Completer/Finisher

The highest scoring column on the profile indicates your best role in a management or project team. You may have high scores in 2 or more columns.

► Exercise 4 : Your Team Role Profile

Read the characteristics of each team role below. Find your highest scoring role. Do you agree with the analysis? The statements which characterise each team role are general statements about the role. Individual behaviour varies and this means that only some of the characteristics may be true for you.

CW Company Worker

1. *A practical organiser who can put ideas into practice.*
2. *A strong disciplined character, not easily discouraged.*
3. *A stable and controlled personality.*
4. *Needs a stable (company/group) structure and will try to create it.*
5. *Likes ideas which are based on reality.*
6. *Doesn't like sudden changes of plan.*
7. *Decides what ideas are possible and practical.*
8. *Respects status, can compete for status within the organisation.*

CH Chairman

1. *Clarifies objectives, defines the tasks and the agenda.*
2. *Stable, extrovert, dominant, in a relaxed and non-aggressive way.*
3. *Leads and coordinates team activities.*
4. *A good communicator.*
5. *A social leader.*
6. *Usually lets other people produce good ideas.*
7. *Trusts people, unless there is evidence which indicates otherwise.*
8. *Helps people to do what they do best.*

SH Shaper

1. *A dominant, extrovert character, anxious at times.*
2. *A task leader who gives develops the application of the team efforts.*
3. *Good at uniting ideas of different people and planning.*
4. *Quick to challenge and to respond to challenges.*
5. *Often easily frustrated by others, impulsive and impatient.*
6. *Intolerant of vague ideas and plans.*
7. *Can produce results, but may make other members of the team uncomfortable.*
8. *Shows confidence, but may have some doubts about his/her ability.*
9. *Possible conflict with Plant members of team.*

PL Plant

- 1 *A dominant personality with high intelligence.*
- 2 *An original and radical thinker who searches for original solutions.*
- 3 *Concerned with major issues, objectives and strategies, not detail.*
- 4 *May be easily offended, and he/she resents criticism.*
- 5 *Needs to be encouraged otherwise he/she will not participate.*
- 6 *Possible conflict with Shaper members of the team.*

RI Resource Investigator

1. *Usually the most popular member of the team.*
2. *Extrovert, sociable, relaxed, with many outside contacts.*
3. *The teams diplomat, salesman or liaison officer.*
4. *May be mistaken as an idea creator - but usually lacks the originality of the Plant.*
5. *Positive and enthusiastic, but needs pressure from others in the group to succeed.*

ME Monitor Evaluator

1. *Highly intelligent, stable and introverted.*
2. *Good at evaluating information analytically.*
3. *Judgement is rarely wrong.*
4. *Source of a few original ideas, but serious in his/her approach.*
5. *Dependable, but usually independent of others in the group.*
6. *May not be tactful at times.*
7. *May compete with Chairman or Plant*

TW Team Worker

- 1 *Loyal to team, supports team members by listening, encouraging, understanding.*
- 2 *Likeable and popular, stable and extrovert, but not dominant.*
- 3 *Extremely valuable when the team is in difficulty.*
- 4 *Helps to resolve conflict between different members of the team.*
- 5 *Does not like confrontation, and not usually competitive.*

CF Completer / Finisher

- 1 *This person is essential if a project or task is to be completed.*
- 2 *Extremely conscientious, concerned with detail, sometimes a perfectionist.*
- 3 *Introverted personality, may worry too much about minor details.*
- 4 *Generally self-controlled and self-disciplined, may not be popular with others.*

A team which consists of too many members with the same role leads to a lack of balance; too few roles and some tasks will not get done. In a small team one person may have to perform more than one role. The full set of roles is most important where rapid change is involved in the market-place or product, and successful negotiating teams will frequently change their membership to ensure that all roles are represented. Groups which are more stable can often succeed without a full set of roles.

► Exercise 5 : Your Team Role Profile Analysis

Examine your team role profile again. Which roles have the lowest points in your profile?

Although the lowest scores suggest areas of weakness, you should consider creating a team which includes one or two members with high scores in these roles, as complementary strengths.

Groups negotiate from a position of strength if their membership is represented by all team roles.

When you are conducting a business meeting with a group of clients, you will not know in advance the role of each member in the team. However, your knowledge of team roles will help you do several things:

- ◆ It will help you make reasonable judgments about the roles of their team members.
- ◆ You may be able to identify which team roles are not represented by your clients and use this to your advantage.
- ◆ Knowledge of which team roles do not get on well together may help you avoid possible conflict within your own team.

With the knowledge you have gained in this activity you will be in a much better position to understand how groups behave.

➤ **Exercise 6 : Working in Groups**

Spend a few moments thinking about those situations in which you

(a) work in a group or project team and

(b) those situations when you and your colleagues participate in meetings.

Describe to your partner a business situation in which you have worked in a group or in a business meeting.

What team roles were represented in the group?

What team roles were missing?

Did the absence of some team roles influence the effectiveness of the group?

If you are in a position of authority you may be in a position to ask the members of your team to complete their profile, and change the membership of the team as and when business objectives justify it.

Reaching a negotiated agreement

Negotiating on Merits

In any negotiation we usually take a position, argue for it and make concessions to reach a compromise. We call this method of reaching a negotiated agreement *Positional Bargaining*. Taking positions serves three major purposes in a negotiation :

- It informs your client what you want
- It provides a framework within which agreement may be reached
- It provides an opportunity for reaching agreement

Positional Bargaining however does not always lead to satisfactory agreements. The more you clarify your position and defend it against attack, the more committed you become to that position, and the more difficult it will be to change position if you need to do so.

Imagine that you are on holiday in a country where bargaining is normal practice. You see a very attractive antique pot in a shop. The shopkeeper offers it to you for \$500 (he would be prepared to drop the price down to \$400 but he won't tell you that). You offer \$300 (privately you're prepared to go to \$350, but you won't tell him that). With both you and the shopkeeper negotiating on the basis of a position, you will soon be entrenched in a stalemate position, his minimum is \$400, your maximum is \$350, and you achieve nothing.

Negotiators who try to resolve differences by positional bargaining usually talk about what they are prepared to accept and not prepared to accept. The result is often a mental battle between the negotiators. Trying to reconcile differences on the basis of mental battles has serious costs - it can take too long and agreements reached may not be satisfactory to either party.

In this activity we focus on an alternative method, Negotiating on Merits, also known as Principled Negotiation. Negotiating on Merits avoids adopting positions which we cannot change. We use it later in the stages involved in reaching a negotiated agreement using the *RESPECT* model - a Dialogue Plan for negotiated agreement.

Negotiating on merits rests on four principles:

- ◆ Insisting on objective criteria
- ◆ Focus on interests, not positions
- ◆ Look for shared interests
- ◆ Separate people from the problem

Insist on objective criteria

Insisting on objective criteria makes it possible for you to reach a solution based on established principles and generally accepted practice. Look for independent criteria which you and your client can use as a basis for a reasonable agreement. Examples of independent criteria include professional standards published as good practice, legal precedent, traditional practices, market value, competitor product prices. By making reference to independent and objective criteria you and your client can begin to negotiate on the basis of what is fair and reasonable.

In the previous example the trader could have referred to a catalogue of antiques which he could use to justify his price. This would give you and the trader the opportunity to negotiate on a fairer basis.

Focus on interests, not positions

Skilled negotiators commit themselves to interests - ideas, proposals, and the benefits they offer. This allows them to explore problems and issues independently of positions, because adopting a particular position may not give the best results.

Look for shared interests

Look for shared interests and use these as opportunities as a basis for agreement. Ask yourself “*How can I help my client get what he wants?*”. Are there goals and objectives you could set which both you and the client could work towards, and from which you would both benefit?

In many negotiations your clients may not have the power to make decisions and will have to refer to another authority to make a decision - their managers or superiors, a government department, or a professional institution. In these cases your task is to help your client influence others whom he or she needs to persuade. What can you offer, that is a low cost to you, to help your client influence others ?

Separate people from the problem

Negotiations often always involve people capable of strong emotions; these can obstruct objective approaches. Many negotiations take place in the context of on-going business relationships whose continued future is important. Problems with people in negotiations usually fall into three categories:

- ◆ their viewpoint
- ◆ their feelings and beliefs, and
- ◆ communication difficulties.

Viewpoint

Your client may not share your viewpoint. Put yourself in their position. View the problem as they view it. You may not agree with it, but you need to understand it.

Feelings and beliefs

Your client may express emotions based on what he or she feels, believes, and values. This in turn may create an emotional response within you. The first step is to recognise and understand your own emotions and acknowledge them. Allow yourself, and your client, to express the problems which give rise to them but do not react strongly.

Exploring your client's emotions will help you decide whether he is negotiating on the basis of beliefs and values. Avoid negotiating with clients who work on the basis of personal beliefs and values if you seek early solutions to settlements. Negotiating settlements for peace in conflict situations, from Northern Ireland to Kosova and beyond have never been, and never will be resolved quickly, simply because the key players are locked into positions that reflect their fundamental beliefs.

Communications

Effective communication is essential for success. You should assume that anything you say will be misinterpreted by your client and that he or she will always hear something different. The negotiation may suffer in three ways :

- ◆ The client may not attempt to communicate properly. If you are not a native English language speaker he/she may try to take advantage of this.
- ◆ The client may possess poor listening skills
- ◆ The client may misinterpret your statements.

The appropriate response is to show patience, verbally summarise the situation more frequently, and ask more questions.

It is a known fact that skilled negotiators ask twice as many questions as unskilled negotiators.

► **Exercise 1**

Answer the following questions based on the text on the previous pages.

What are the advantages of principled negotiation?

If your client hasn't the authority to negotiate what can you do to help him/her?

Why should you avoid negotiating with someone on the basis of beliefs and values?

Discuss your answers with another student.

► **Exercise 2**

Read the following scenario.

Louise and Helen are two sisters. They're arguing over who should have the last orange. Their mother sees them arguing and intervenes. She tells them to stop fighting and that both can share the orange. She cuts the orange in half and gives the sisters one half of the orange each.

Work in pairs. Decide whether the mother is intervening on the basis of interests or positions.

From what you have learnt in this activity what would you have done?

► **Exercise 3**

Think of a situation at work where you have had to (or will have to) negotiate an agreement. It may be a client but it could also be a colleague or your boss.

If you are not in employment then think of a social situation where you and another person disagree on an issue. Explain the situation to another student and work together to:

List the objective criteria you could use, or could have used.

Define the interests of both parties (you and the other person).

Consider how you could have mutually helped each other.

Decide how to separate the personal issues from the problem itself.

A Staged Approach to Negotiation

Most negotiations are lost because of poor preparation. In this section we examine a method which uses seven stages to reach a negotiated agreement. The *RESPECT* method is a staged approach to conducting negotiations. The acronym stands for :

- ◆ Readiness to proceed
- ◆ Explore needs of client
- ◆ Signal for movement
- ◆ Probe with proposals
- ◆ Exchange concessions
- ◆ Commitment obtained
- ◆ Tie up the loose ends

Many negotiations will not reach a satisfactory conclusion. Before you start negotiations you need to decide what you will do if negotiations fail. You need the best alternative to a negotiated agreement - your *BATNA* - if negotiations fail.

BATNA : The Best Alternative To a Negotiated Agreement

- ◆ *List everything you could do if you failed to reach agreement.*
- ◆ *Explore the best of these options and try to improve them.*
- ◆ *Choose the best option. This is your BATNA.*

Stage 1: Readiness to proceed

The first stage of the negotiating procedure requires three steps:

- ◆ List your interests
- ◆ Define your objectives
- ◆ Plan your agenda.

List your interests

What do you want to obtain from the agreement? Identify and list what you think your client's interests are. To do this list the points you want your client to agree to. Then ask yourself what might prevent the client from agreeing to each of your points.

Rank your interests by priority

High priority *what you are not prepared to give away or concede*

Medium priority *what you expect to obtain, and what would disappoint you if you didn't obtain it*

Low priority *what you could get, but are prepared to live without.*

Value each interest

- ◆ How much is each interest worth to you ?

Define your objectives

- ◆ What is your ideal position?
- ◆ What is your resistance position, that is, the position beyond which you would not make any further concessions
- ◆ Speculate and estimate your client's objectives
- ◆ Decide on a realistic zone of agreement. What would you be prepared to accept, and what would you be prepared to give to obtain it.

Plan Agenda

Plan how you want the meeting to proceed. You should try to ensure that either you control it or influence its control.

Plan your critical first offer. Buyers do better when their opening bid is low. Sellers do better if their opening offer is high. Set realistic time scales for negotiation. Most concessions occur near the final deadline, when your bargaining power is weakest. Create deadlines even if there aren't any. Do background research on your client, the issues, and the problem areas.

Clients do not purchase products or services. They buy solutions to problems. A product or service is of little or no value if it does not serve a need. Most of the time spent in a negotiation is in discussion discovering each other's needs.

The language we use is very important. This, and subsequent stages, follow very closely the Dialogue Plan introduced in an earlier chapter. You should refer to it for appropriate language structures, particularly the priority words and criteria words used by the client when you explore client needs.

Stage 2: Explore needs of client

There are several steps in this stage:

Discover your client's position

Explore the issues to establish common ground.

"Tell me about...[the issues].."

If possible get the client to make the first offer. Most people will give more information than they need to at this stage. They may reveal their priorities and the criteria they use for making decisions

*"I'm sure that you've given considerable thought to [this].
"We'd be very interested in any proposal you have to make..."*

If the client makes the first offer do not make a counter-offer immediately.

When you make your opening offer be firm and positive :

"Our offer is \$2,500 "

Avoid words which make your proposals tentative such as 'about', 'just' :
The following examples should be avoided:

- '..and our we'd like to get *about* £2,500 for..' ,
- '..*just over* £5,000..' ,
- '..in the *range* \$400 to \$500..' .
- '..something *around* 10%"

Use open-ended questioning. Here are some questions you can use to help you obtain information :

make the client think

"What is the specification.?"

"What's the cost over the next 4 months...?"

persuade your clients that your ideas are theirs

"How might we get our two systems to work together ?"

keep in control

"I think we're straying from the point here...."

establish client needs

"It seems to me that the problem you face is..."

clarify misunderstandings

"Could you please explain that again ?"

"Let me be sure about this. You are saying"

Listen and respond appropriately

Skilled negotiators listen intensively to their clients and respond in four ways:

They respond to 'facts'

The best way to understand the 'facts' that you've heard is to rephrase the client's words
"It sounds like you're having difficulty with Is that what you're saying ?"

To reflect on facts use phrases such as :

“ It sounds like..... “
“ In other words.... “
“ So, what you’re saying is....”
“ Do you mean?”
“ It appears that”

They respond to feelings

“ It seems that you are not entirely happy with the situation..”
“ You don’t appear to be convinced by”
“ You don’t seem to feel terribly strongly about this?”
“ I sense that you”

They listen carefully

When the client starts a statement with any of the following phrases he wants you to think that the statements are not important. They are important and you need to find out why he wants to lessen their importance.

“ Incidentally,”
“ By the way,”
“ Before I forget,”
“ While I think of it, ...”
“ It’s only a”
“ It’s just a”

They respond with summaries

Summarising the situation allows you to control the dialogue, and to confirm your understanding of what has been said. Summaries should offer a balanced viewpoint :

“ Let me summarise the situation as I see it ...”

“ I’m concerned that we’ve drifted away from the main issue. I’d like to see if I can summarise the main points so far...”

If your clients think your summary is inaccurate ask them to give it instead:

“ Would you like to summarise the situation as you see it ?”

Stage 3: Signal for movement

Signals allow negotiators to advance from their opening position to a position where concessions are possible. The language used is very subtle and you will need to listen very carefully to the signals your client uses if he is indicating a willingness to concede something.

Good opening positions are strong and assertive :

“We do not give discounts.”

“We cannot agree to any of these proposals”

“It is not possible to meet the delivery date “

When the strength of the statement is weakened, it indicates that the speaker (you or your client) is willing to move towards an agreement:

“We do not normally give discounts”

“We cannot agree to all of these proposals”

“It would be extremely difficult to meet the delivery date “

“As things stand.... “

You are now ready to move to the next stage.

Stage 4: Probe with proposals

Your client has signalled for movement. Be ready to probe with proposals in this stage of the negotiations. Proposals are tentative suggestions for solving problems. Keep them conditional and simple in this form:

IF + Present Simple..., THEN ... WILL + Verb

“If you [do X]....., then we will consider [Y]....”

“If you [do X]....., then I’ll think about [Y]....”

“If you [do X]....., then we’ll look at [Y]....”

“If you agree to a 10% discount, we’ll consider buying more.”

What you ask the client to do should be very specific [X] , and what you will do in return is positive but an unspecified promise [Y]. Use phrases such as :

“We’ll consider....”

“We’ll examine the possibility....”

“I’ll investigate whether we can....”

“We’ll look at ways in which we can”

Skilled negotiators minimise deadlock by using a lot of variables. If you can use a wide range of variables it then becomes possible to link concessions in one area with concessions in another.

“We’d be very interested in that proposal, if you would consider adding [X] as well.....”

Stage 5: Exchange concessions

If your client has made one or more proposals you should now consider what you can offer in return.

You need to establish the value of each concession you will make. What is its value to the client? What will it cost you? What is in it for you? Make it clear in your own mind what your demands and those of your clients are.

If necessary, ask the client to summarise his needs and make it clear that any concession on one issue is conditional upon agreement on other issues.

Try and get the client to make the first concession, but if you have to do so, concede on a minor issue. Verbally reward the client when he/she grants a concession.

"I appreciate that. Our staff will welcome it."

If the client is making an obviously ridiculous offer bring it to his/her attention and ask for justification:

"I'm afraid that's out of the question. It seems that we're not on the same level here. Could you explain why your offer is so low?"

Stage 6: Commitment obtained

Traditionally negotiation skills training concentrates on *closing* as the most important part in obtaining a commitment from a client, when we finally get the client to agree to what we want.

We can define closing as any behaviour which you use to imply or invite commitment by your client, so that the next statement made by your client accepts or denies that commitment.

Here are several popular closing techniques used by negotiators.

The Assumptive Close

This assumes that an agreement has already been reached. You ask, for example :
"When would you like it delivered...?" before the client has agreed to buy.

The Alternative Close

You give your client an alternative before he has made a decision : *"Would you prefer the training course in August or September ?"*

The Standing Room Only Close

You tell your client that the product or service is in limited supply : *"This is the only one in stock. If you're not able to decide now, I'll have to offer it to another customer.."*

The Last Chance Close

You inform your client of an imminent price rise : *“The price goes up next month by 10%...”*

The Order Blank Close

You complete an order form as the client answers your questions, even though the client has not agreed to buy.

The Summary Close

You summarise everything that has been agreed, emphasising the concessions that you have made. Stress the benefit of their agreement to your proposals and follow through with a statement that encourages their commitment: *“...So, We’ve covered a lot of ground here. It would be a pity/shame if we failed to agree at this point.”*

The Concession Close

You save a concession of small value to the client for the final trade, if your client asks you for a final concession to obtain agreement. *“I think we’d be prepared to agree if you were to add X/pay for installation costs yourself/buy us all lunch...”*

The Authentic Close

The Authentic Close is an alternative to the traditional close. It is based on the argument that traditional closing methods described above do not work in large volume sales and that there are simpler ways of obtaining commitment. The essence of this approach is:

- ◆ check that you’ve covered all the client’s key concerns
- ◆ summarise the benefits to the client
- ◆ propose an appropriate level of commitment

If you have been using authentic behaviour throughout then you need not be afraid to ask a question that requires your client to confirm his/her commitment, or to reject your offer, for example:

“Well, on the basis of what we’ve just been discussing can I take your order? “

Stage 7: Tie up the loose ends

The deal is closed, you and your client have reached an agreement where both of you are satisfied with the outcome. Don't leave the negotiation meeting until you have cleared every point with your client.

Check your understanding with the client. Clarifying misunderstandings at this stage is much easier now than later. Verify what you have agreed. Put it in writing. Always volunteer to write up the agreement because you will be able to influence the final shape of the agreement.

Review your performance. You want to be able to answer the following questions:

- ◆ Did I do as well as I expected?
- ◆ What could I have done to improve my performance?
- ◆ What can I do to improve it next time?

A Merger - Role Play

Role Play Background

In this set of activities you will use your language skills to roleplay a meeting at which students represent the board of directors of two organisations that lend money to house buyers. The role play is loosely based on a real merger between two of Britain's largest Building Societies to form one Building Society, and to subsequently launch this on the Stock Exchange as a Plc (Public Limited Company). A Building Society is an organisation that lends money to those who wish to buy property. Its method of operation is very similar to a bank where the public may invest their savings (and earn interest) and borrow finance for house purchase.

The role play is in several stages and is designed to help you develop your skills in managing a meeting. Students who are using the role play to practice negotiation skills will be given additional information by their trainer.

First skim read the background material below. Then scan the text and briefly summarise the consequences of the planned merger in your own words.

A Merger is Announced

On Friday 6th September 1999 the board of the Western Building Society and the Board of the NorthEastern Building Society jointly announced that they had reached agreement on a proposal to merge the two societies and subsequently convert the society to a public limited company.

Why merge?

The Western believes that following the merger, the Western and the NorthEastern will be able to offer customers attractive products at competitive prices. It has set its objective to become the leading provider of personal financial services in the UK.

A Review of the Business

The Western group performed well in tough markets, producing pre-tax profits of £975.1m, an increase of 13% on the previous year, and achieving an estimated market share of 19% in the lending markets. Assets grew by 7% to £72,151m and the gross capital ratio improved to 7.60%. The total charge for bad debts was £105m, a significant fall compared with £300m in the previous year.

Key Events.

The Western is already one of Britain's largest mortgage lenders and a strong performance in 1999 enabled them to sustain a leading market share. They had initially expected 1999 to see some recovery in housing prices and transactions and, in the early part of the year, this seemed to be happening. But from April onwards, the market flattened out. Nevertheless, the Western did well to increase its lending levels. Over the past six years the Western has also built market leading expertise in loans to UK housing associations.

Why merge with the NorthEastern?

The NorthEastern is one of the top ten largest building Societies in the UK. It is a natural partner for the Western. Both Societies are geographically in close proximity and have a common customer focused approach.

Both societies aim to put the customer first and to ensure that all their products, business processes, and staff attitudes are geared towards their customers' needs.

The concentration of the chief administrative offices of the combined society in Northern England will enhance the region's status as an alternative to the financial centres of London and Edinburgh.

Staff

At the time of the merger the combined society is expected to have the equivalent of some 28,000 full time staff. In the longer term, the combination of the businesses of the two societies is expected to result in improved employment opportunities. Although some redundancies are expected, through duplication in administration, any staff reductions in the short term will be achieved through normal turnover and by voluntary means.

Operations

Over a period of time some branches will be closed where they cannot be used effectively. The process of restructuring the branch network will, however, take a number of years to complete.

A high profile will also be given to reviewing the need for two computer systems and their staffing in the merged society.

Both societies are noted for the cost efficiency of their operations and the rationale for the merger is not based on a need to reduce costs significantly.

A Public Limited Company

The boards of the Western and the NorthEastern have agreed that, following the implementation of the merger, proposals should be put to members for its conversion to a public limited company, authorised under the Banking Act 1987 and whose shares will be listed on the London Stock Exchange.

Procedure

A Special General Meeting will be held to give members the opportunity to vote for or against the merger.

► **Introduction to the role play**

This activity takes place in stages, leading up to a simulated meeting between Directors of the Western Building Society and of the NorthEastern Building Society. The objective of the meeting is to agree whether the two societies should be merged or not. You will play a role as a Board member in either the Western or the NorthEastern, and you will be given information about the role to be played. *Do not show it to any other student.* Skim read the information sheet and then read in detail. You don't have to memorise the information.

You will form two separate groups - the Western and the NorthEastern. This initial meeting is to get to know the roles that other students in your group have been given. Ask questions (open, closed, probing) and find out about the roles of others in the group. When replying to their questions avoid repeating exactly what appears on your role sheet. Reply in your own words. You are free to give as much or as little information as you want to in this stage (for example, whether you are for or against the merger).

► **Additional Information**

If you are using the role play to practice negotiation skills you will be given some additional information about your role. *This information must be kept confidential.*

When you have read the additional background information return to your group. In your group discuss the strategy which your group will take in the main meeting between the Western and the NorthEastern. At this stage try to resolve any difference in opinion between group members, so that your group is seen to act as one unified group when the main meeting is convened.

► The Meeting

This is the main meeting between the two Societies. The meeting is under your control but a suggested approach, following a draft agenda, is as follows :

Make your introductions

Appoint a chairman

Each Society puts forward its views

Work towards an agreement (whether to merge or not)

Both the Western and the NorthEastern may each call for one short break to review their strategy and perhaps, to conduct lobbying which may take place outside the classroom.

Your trainer will intervene only where necessary, and is available to give advice if asked. At the end of the meeting reconvene to review your achievements. The draft agenda for the meeting between the Board of Directors of the Western Building Society and the NorthEastern Building Society is shown below.

DRAFT AGENDA

A meeting between the Board of Directors of the Western Building Society and the NorthEastern Building Society is to be convened.

Attendance - Introductions by those present

Minutes of last meeting - None

Appointment of Chairperson.

Sir Lawrence Alsop, due to chair this meeting, is indisposed. Chairman to be appointed.

Debate: That the Western Building Society and the NorthEastern Building Society should merge as one Society.

Conversion of the merged Societies to Plc (as Western Plc) will be the subject of another special board meeting.

Each Society may call for one recess during the meeting.

Formal Vote. A formal vote is taken and a clear majority is required.

AOB

Some additional background information about the financial status of the two Societies is presented below. This information is not essential to the role play, but you may wish to use the information to 'break the ice'.

Board members should however concentrate on the main issues facing the two Societies in their discussions rather than any of the financial information given in this additional information sheet.

Summarised balance sheets derived from the audited consolidated financial statements of the Western for the financial year ended 31 January 1999, and from unaudited consolidated statements of the NorthEastern as at 31 January 1999 are set out below :

All figures are shown as £Sterling million

	Western	NorthEastern
Assets		
Liquid Assets	12225	3767
Mortgages	58576	16468
Fixed Assets	158	66
Office Premises	354	171
Other Assets	835	456
Total Assets	72150	20930
Liabilities and Capital		
Deposits (Retail)	53713	14871
Non-Retail funds	12740	4198
Other Liabilities	786	324
	67240	19394
Subscribed Capital	610	322
General Reserves	4300	1213
Total		
Liabilities & Capital	72150	20930

Alton Braithwaite & Associates, Auditors

A Negotiation Case Study

East and West Malia

This case study provides you with the opportunity to practise your newly acquired language and business skills in a negotiation involving international commodity trading. It is strongly recommended that the other activities in this book have been completed before starting this case study.

Skim read the following instructions for the negotiation case study. East Malia and West Malia are two remote and isolated countries that trade in commodities in order to maintain a balanced economy. You are part of one of the negotiating teams representing East or West Malia.

You will be given a briefing sheet indicating the terms of your team's negotiating conditions. Skim read and then read the briefing in detail. Before the negotiation meeting takes place you will work with the others in your team to answer the questions in the planning stage of the negotiation.

Information Briefing

Your team will be given an information sheet indicating the availability of certain commodities in your country. Some commodities are surplus to your requirements, and other commodities are desperately needed by your country.

The two teams representing the governments of East and West Malia will hold a negotiation meeting at which they will trade commodities, exchanging those surplus to requirements for those which the country needs.

Points are awarded for commodities which are exchanged. The rules which govern the award of points are printed on the information sheet. The team with the most points at the end of the negotiation wins.

The case study will be conducted in three stages:

- ◆ Planning
- ◆ Negotiation
- ◆ Debriefing

Stage 1: Planning

Work in your group. Read your country's Information Sheet. Then discuss and agree your team's strategy. Record your plans on the forms below. Do not discuss your plans with members of the *other* team.

<p>1. The Issues - <i>What are the main issues in this negotiation?</i></p> <p>Your team</p> <p>The other team</p>
--

<p>2. Your Bargaining Power <i>Assess your own strengths and weaknesses, and those of the other team, based on the information available to you.</i></p>	
<p>Your team</p>	<p>The other team</p>
<p>Strengths</p>	
<p>Weaknesses</p>	

3. Objectives

Define your objectives and write these down.

Speculate about the other team's objectives and write these down.

Your team

YOUR RESISTANCE POSITION *(what you will not concede)*

IDEAL POSITION

What you'd like to agree to - your minimum concessions, your maximum demands

REALISTIC POSITION

What you expect to concede

The other team

THEIR RESISTANCE POSITION *(what you think they will not concede)*

IDEAL POSITION

What you think they'd like to agree to - their minimum concessions, maximum demands

REALISTIC POSITION

What you think they will realistically concede

4. Concessions

On the basis of what you are prepared to concede, what concessions will you try to get from the other team?

5. Strategy

What will your negotiating strategy be? How will you respond to the influencing styles used by the other team?

6. Scripting

Work together as a team to prepare a Dialogue Plan and the RESPECT model to prepare your script. The negotiation meeting will not allow you to follow the script exactly - the content of the meeting will be too unpredictable for that. However, if you produce a script with examples of language used at each stage it may be easier for you. (Use a separate sheet of paper for the script)

Stage 2: The Negotiation

Your trainer will give you instructions on setting up the negotiation meeting and tell you how much time you have.

During the negotiation meeting there will be a maximum of 2 breaks, one called by each team. Use this time to review progress and compare it against the schedule in Stage 1. Do you need to make any changes to your plans?

Stage 3: The Debriefing

At the end of the negotiation meeting when, hopefully, both teams have reached a satisfactory agreement, review the results and count your totals. Compare your information sheet with that of the other team. Could you have improved your ideal and realistic positions? If you could do the negotiation again would you do it differently?

Index

A

Authentic Behaviour 1, 2, 5, 7

B

Bargaining position 13

BATNA 47

C

Closing 54

 Alternative Close 54

 Assumptive Close 54

 Authentic Close 55

 Concession Close 55

 Last Chance Close 55

 Order Blank Close 55

 Standing Room Only Close 54

 Summary Close 55

Coercive power 22

Communication difficulties 44

Concessions 47, 53, 65

Connection power 22

Control 50

Criteria words 7, 9

D

DECIDE 12

DEFEAT 12

DEFINE 12

DEPLOY 12

Dialogue Plan 5, 7, 43

DUPLICATE 12

E

East and West Malia 62

Expert power 23, 25

Exploring needs 5, 49

F

Facts 5, 50

Feelings 7, 44, 51

Feelings and beliefs 45

First Conditional 53

G

Group Think 33

Groups 1, 33

H

Hidden meanings 32

I

Ideal Position 64

Information power 23, 24

Interests 43, 44, 47, 48

L

Legitimate power 23, 24

Listening Skills 45, 50, 51

M

Meetings 34, 60

N

Needs 5, 7, 10, 47, 50

Negotiating

Principled Negotiation 43

Negotiation 34, 43, 47, 59, 63, 65

O

Objective criteria 43, 44

Objectives 47, 48

Open Up 5, 6

Opinions 5

P

Personal Action Plan 28, 29

Persuasion 1, 50

5D Model 12

Planning 47, 48, 63

Positional Bargaining 43

Power 19, 20, 24, 25

Power profiles 23, 26

Priority words 7, 8

adjectives 8

adverbs 8

Probe 5, 6, 47, 53

Q

Question Techniques 5

R

Realistic Position 64

Referent power 23, 25

Resistance Position 64

RESPECT 43, 47

Reward power 23, 24

S

Scripting 65

Signals 31, 32, 47, 52

Strategy 65

Strength of needs 10

Summarising 5, 11, 45, 52, 55

T

Team Role Profile 37, 41

Team Role Profile Analysis 38

V

Viewpoints 44, 45

W

Working in Groups 42