

# **Negotiation Skills**

**for advanced students of English**

**Trainer's Guide**

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**Elite Skills**

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## Introduction

**Negotiation Skills for Advanced Students of English** is primarily designed for those whose first language is not English, working in a business environment.

The material is best suited to students at an advanced level of English. Students at lower levels of English may have difficulty with either the vocabulary or in the communication activities. The chapter on the language of signals requires a higher level of productive and receptive skills than students at an intermediate level might possess.

The material may also be used with native speakers of English who wish to develop their influencing skills.

Although the material is designed for students in employment or with work experience it may be used by students with no work experience. Some of the activities that require students to draw upon work related experience may be adapted accordingly, or omitted.

The exercises and role plays will occupy about 15 teaching hours, depending upon the extent of text reading and homework set outside the classroom.

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## ***Authentic Behaviour***

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This activity is the first in a series which focuses on developing the students' business skills in a business English context. The business interactions that many students of English face in their work may not always follow the traditional approaches described in EFL textbooks.

In other activities in this book we introduce several techniques that successful 'persuaders' use to influence others, but we first introduce the concept of authentic behaviour

Lead in by inviting students in groups to discuss the various ways we can influence and persuade others. Write on the whiteboard *Group pressure* and *verbal strategies*. Ask students to give a definition of a *strategy* ( ways of achieving stated objectives ).

Ask students to read the introduction and the text introducing the first case study. This case study may be set as homework.

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

Pre-teach *prospect (potential client)*, *distant (from s/thing, s/one)*, *far-reaching*. Students should read the case study and work in pairs or groups to speculate on the answers to the questions which follow it. Let students work in pairs or small groups to suggest answers to the questions given. Suggested answers are given in the students' book.

### **► Case Study 2 - Suggested answers**

*Describe what the consultant might be experiencing.*

The consultant might feel unimportant. The Managing Director's viewpoint is that this audit isn't important, but to the consultant it is his job. The consultant probably feels that he is just getting in the way of the Managing Director.

A non-authentic response would probably include a reference to the audit being required by Head Office.

*"This audit could have far reaching implications. The company requires that the audit is carried out."*

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

*“You are treating this audit with little importance. If I am interrupting you then we should reconsider when it takes place. I would like you to treat it with more importance.”*

The audit is likely to be started and completed regardless of the consultant’s response, whether authentic or non-authentic. *What might be the differences in the two approaches for the consultant ?*

If you use non-authentic behaviour the client will notice this. Putting pressure on the client into accepting the audit (*“..the company requires it ..”*) makes the client think himself foolish if he refuses.

Authentic behaviour will ultimately lead to greater trust and higher client commitment. Non-authentic behaviour leads to lower client commitment. Remember, persuasion is about balancing the relationship with you and your client, avoiding total control by the client, and total control by you.

## ***Dialogue Planning***

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Traditionally EFL courses have categorised the functional language which non-native speakers need into discrete business situations such as meetings, negotiations, marketing and selling.

In the real world of business it's not often that simple. Rarely are there clear distinctions between business situations that enable executives to switch from one situation to another and the functional language changes that accompany the switch.

In this activity we focus on a technique that has been successfully used by management consultancies world-wide and one that can be used in a range of business English situations. Authentic Behaviour, Question Techniques, and the 5D Model together with the 'Dialogue Plan' provide a powerful set of tools for influencing our clients.

Students should skim read the introduction up to the first exercise, and then study the functional language for the first two stages. There should be no unfamiliar vocabulary in the text, apart from *tentative*.

### **Exercise 1**

Students should use open and probing questions for this activity. Their responses to probing questions should be formulated on the basis of the responses given by the other student. Here the dialogue should become interactive. Even if it means slowing down the dialogue to an unnatural pace students should be given time to formulate their next probing question, and to develop their dialogue. If the dialogue is developing too slowly elicit some probing questions ( who.. what.. where... when.. why.. how.. ) and present to the group.

### **Exercise 2**

Exercise 2 is designed to help students listen to their clients expressing their needs and wants in terms of criteria and priority words. Allow 'speakers' in each pair to repeat their answers to the 'listeners' if necessary. Priority words in A's script: *highly reliable easy to use, accurate (feedback), how well (they did), very busy, (time to do job)properly, detailed(record), make life easier*. Priority words in B's script: *good service, high quality, professional appearance, (haven't time to use)properly, getting support, taking too much time, (work)late, (productivity) not improved, simple to use, little training, easily (locate files)*

## Exercise 2      Worksheet - Student A

You are Student A. You are trying to sell to Student B a new computer system for word processing and desk top publishing. Ask the questions below. When B replies listen very carefully and, beside each question, make a note of the *priority* words that B uses. The first one has been started for you.

- 1      *What are you looking for in a word processing system ?*  
good service...
- 2      *What is your greatest problem in using the system ?*
- 3      *What other problems do you have ?*
- 4      *Are deadlines your greatest problem ?*
- 5      *If you could change things, what would you change ?*

Now summarise in a few sentences what you've heard Student B say. Use Student B's priority words in your summary. Write down what you are going to say. Before you begin to give your summary check that Student B is ready. You could start your summary with "*OK I'm beginning to get the picture. You're saying that a new system would require ...*"

### ***Now reverse roles***

You are the manager of a training centre responsible for training people to be more assertive and positive. Your centre doesn't have a video camera and you're thinking about buying one. Student B will try to sell you one. Give the following replies to each of his questions.

1.      *Well, I look for a system which is highly reliable and easy to use.*
2.      *Well, it's difficult to give accurate feedback to trainees when you have to remember what they did and said. They want to know how well they did when they were practising.*
3.      *I need to assess students as they practise their new skills. I'm very busy and I often don't have the time to do it properly.*
4.      *Well, I'd like to keep a detailed record of the training and a video camera would make my life a lot easier.*

When you have finished student B will be preparing a short summary to give to you. While Student B is doing this go through your script above and underline the *priority* words that you used in your reply.

When Student B is ready to give you his or her summary listen to it and say whether you agree or disagree with the summary. When you have both finished compare the summaries you both prepared with the scripts you were asked to give. Were there priority words in the script that didn't appear in the summaries?

## Exercise 2      Worksheet - Student B

You are Student B. You are looking to buy a new computer system for your office. Before you buy any new system you need to be sure of a number of a number of points. You won't buy from anyone though. Student A will try to sell you a new system. Give the following replies to each of his or her questions.

- 1      *Well, I look for good service, high quality, and letters and reports which have a professional appearance.*
- 2      *Well, I haven't got the time to learn how to use the software properly. All I want to do is to start the system up and use it.*
- 3      *Sometimes I get in a muddle and can't find files that I thought I had saved. Getting the micro-computing support people involved takes too much time.*
- 4      *Sometimes, I have a lot of paperwork to do and I often have to work late to clear it. The existing computer system doesn't seem to improve my productivity.*
- 5      *A system that's simple to use, and only needs a little training. And one that can easily tell me where I've saved my files.*

When you have finished Student A will be preparing a short summary to give to you. While Student A is doing this go through your script above and underline the *priority* words that you used in your reply. When Student A is ready to give you his or her summary listen to it and say whether you agree or disagree with the summary.

### *Now reverse roles.*

You are a supplier of education and training goods. Student A is a potential customer and is responsible for training. You are trying to sell a video camera for training purposes to Student A. Ask the questions below. When A replies listen very carefully and, beside each question, make a note of the *priority* words that A uses (important adjectives, nouns, adverbs and verbs). The first one has been started for you.

1. *What do you look for when you are thinking about buying training equipment ?*  
- *highly reliable*
2. *What is your greatest problem in the area of training ?*
3. *What other problems do you have in the training department ?*
4. *If you could change things, what would you change?*

Now summarise in a few sentences what you've heard Student A say. Use Student A's priority words in your summary. Write down what you are going to say. Before you begin to give your summary check that student A is ready. You could start your summary with:

*"Ok. I'm beginning to get the picture. You're saying that ..."* When you have both finished compare the summaries you both prepared with the scripts you were asked to give. Were there priority words in the script that didn't appear in the summaries?



## ***The 5D Model of Persuasion***

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### **Introduction**

This activity is designed to teach students of Business English to prepare for face to face meetings which may be difficult because the client or customer has strong views which need to be challenged. The concept taught in the 5D Model is that if students can anticipate what their client or opponent is going to say then they can prepare their response in advance.

Pre-teach *deploy, ambiguity, argument, counter-argument, discredit.*

### **Exercise 1**

The exercise is designed to reinforce students' concept of the model. All 6 statements are true.

### **Exercise 2**

A practical example of a 5 D Model for one of the tasks is given below.

*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.*

*Issue:* The person the student was trying to persuade had responsibility for training of departmental staff. One key issue is that his 'client' didn't have budgetary responsibility - purchasing decisions were made by the Training Department. The student was trying to sell to the 'client' the Video Recorder.

**Decide** He decided to stress the benefits of the video in training of interpersonal skills.

**Define** The student wanted the 'client' to decide by the end of the meeting to purchase.

### **Defeat**

#### *Argument 1*

Client's counter-arguments: He doesn't need it

Student's response: ...but his staff will discover the benefits

#### *Argument 2*

'Client's' counter-arguments: He can't afford it

Student's response : .....but it won't come out of his budget

## Deploy

1. Free maintenance in 1st year
2. It's a low cost investment in training resource
3. His staff will appreciate his interest in their professional development

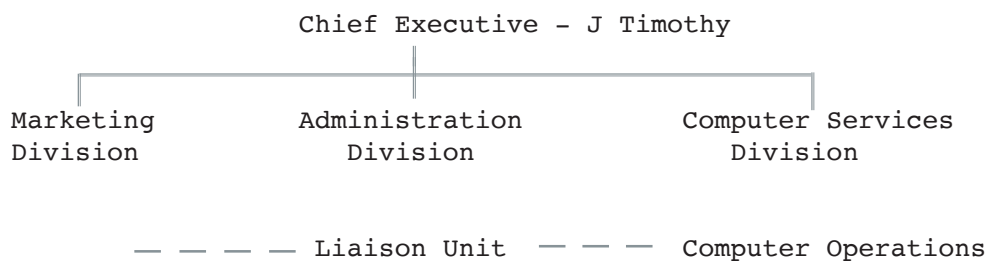
## Duplicate

Reiterate main points.

## Exercise 3 - Case Study

Pre-teach vocabulary in the memoranda - *liaison, outstanding, red-tape, countermand, bottleneck, aggravation, third party.*

1. Ensure that students understand how the divisions in the case study relate to each other. The organisation chart is shown below. The dashed line focuses on the flow of information and requests between divisions through the Liaison Unit.



2. Senders and recipients

- ◆ Marketing Division: Anne Robbins
- ◆ Administration Division : Deputy Director, and H Thompson in the Liaison Unit
- ◆ Computer Services Division: Computer Services Director, Computer Services Manager and Computer Operations

3. Sequence of events

The Administration Division scheduled printing of computer reports (requested by other Divisions in the organisation) through Computer Operations. Problems lead to H Thompson's memo to his Deputy Director

The Deputy Director, Administration brings the problem to the attention of the Computer Services Manager. Copying the memo to the Chief Executive raises the issue to Director level.

Computer Operations respond to the Computer Services Manager and a memo from Anne Robbins puts forward the Marketing Division's perspective.

Chief Executive's memo to Computer Services Director leads to the meeting with the Computer Services Manager

There are several ways in which the Computer Services Manager could prepare a 5D Model. This is just one example but it contains the key issues which he could use to persuade his Director to adopt his viewpoint.

*Decide*

- ◆ Persuade the Director and Chief Executive that Computer Services do have customers in mind.
- ◆ Isolate the Admin Deputy Director's views from the positive views of the Computing Services held by other users of the system (e.g. Marketing Division)

*Define*

- ◆ Discredit the Administration Deputy Director's views about Computer Services because they are based on biased information (and use additional evidence provided by Marketing Division Memo).

*Defeat*

Defeat the following arguments put forward by the Administration Deputy Director:

- ◆ The 'facts' in the memoranda are true.
- ◆ The impression that the Deputy Director is 'right'

### *Deploy*

Counter each argument above with

- ◆ Actually the facts are distorted ( the facts are .... )
- ◆ Plant the idea that other Divisions would benefit from direct working relationships with Computer Services
- ◆ There are positive comments from other users of the system.

The last argument is probably the strongest because other users recognise the benefits Computer Services provide.

### *Duplicate*

- ◆ Emphasise the points made, stress satisfaction by other users.
- ◆ The Computer Services Manager could endorse the Deputy Director's view that there are bottlenecks in the system and use this as a basis for obtaining the Chief Executive's support for additional resources to reduce the bottleneck.

## ***Sources of Power***

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This chapter introduces the student to sources of power they possess and how they may use these to influence others. Sources of power are important because

- ◆ others can use different sources of power against us,
- ◆ when we negotiate with others we are in a better bargaining position if both our sources of power match.

From the treatment of power sources students will develop their personal action plan. Introduce the theme by asking students to give examples of different sources of power.

They are likely to respond with general themes such as political, economic and military power. Accept these, but tell them that there are other, more specific, sources of power that each of us possesses.

### **Exercise 1 : Sources of power**

The seven statements in the dialogues form the basis of the questionnaire which students complete in Exercise 2. They represent the seven different types of power base which people use, but do not tell the students this yet. This activity is intended for students to think about and discuss different sources of power, in pairs or as a group. There are no 'correct' answers to this part.

### **Exercise 2 : Sources of power questionnaire**

The questionnaire may be set as homework or done in class. Make sure that students are familiar with the vocabulary. Pre-teach any unfamiliar vocabulary.

Make sure that students understand the instructions and allocation of points to each of the 21 questions. For each *pair* of statements they must allocate a *maximum* of 3 marks - the higher the mark, the more the student agrees with that statement.

You may wish to do the questionnaire yourself and share the result with your class; this will help develop your relationship with your class.

At the end students should total their scores for each category A through G and prepare their own power base profile.

### **Exercise 3 : Your power profile**

Suggested answers for second part of this exercise :

*Judge - coercive, legitimate, expert.*

*Doctor - Expert.*

*Lawyer - Information, expert, possibly referent.*

*MD - coercive, information*

*Chairman - coercive, legitimate, connection*

*Personnel Officer - coercive, reward, legitimate*

*Bus driver - legitimate.*

These are suggested solutions. Accept others if good reasons given.

### **Exercise 4 : Improving your weakest sources of power**

The text may be set as homework. Preteach *to coerce, judge s/thing on merit, credibility, distort, credentials, obscure, charismatic.*

Skimming exercise - Yes, it is possible to improve one's weakest sources of power.

### **Exercise 5**

Scanning exercise:

1. True
2. Information and Expert, Referent and Connection
3. Legitimate and Expert
4. They can damage a business relationship if not used properly (especially coercive)

### **Exercise 6**

Students should spend some time thinking about their own power profiles and what sources of power they need to improve upon. This could be done in class, but it may be better to set as homework when students can consider their profiles at their own pace.

## **Exercise 7**

Answer key:

1. To help BIOESP financially
2. Discuss the problem at the meeting in London (accept other reasonable answers)
3. Coercive-8, Connection-16, Expert-17, Information-14, Legitimate-7, Referent-Reward-8
4. Strongest is Expert, Weakest is Legitimate power
5. Possibly use his specialised knowledge of the area (Expert, Information) supported by independent advice, information (from other experts), and rally the others in the European project team partners (connection) to secure his goals.
6. Check that the Decide, Define, Defeat, Deploy and Duplicate content is reasonable, possibly encouraging pairs to compare their 5D models
7. It should be easier given that Daniel's strengths and weaknesses are now known.

## **Exercise 8**

Power profiles can be very personal. If students wish to work together they may do so, but don't force them to work in pairs or groups on this exercise.

Talking about your own power profile will help foster a good relationship between you and your students.

## ***The Language of Signals***

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### **Introduction**

Signals, when used by a speaker, indicate to the listener that there are other meanings in what was said. Signals are hidden because the real meaning is at a different level. At one level the words used have their intended meaning. There is, however, another deeper level where the words used mean something very different. Signals are used to indicate a readiness to make concessions.

Introduce the topic with some examples as follows:

Definite : “We are unable to deliver the product in 10 days.”

Tentative : “Our *standard* delivery time is 10 days”

When we use words like standard, normal or use modal verbs (can, would..) we are making our statement more tentative. It is possible that the speaker could deliver the product in 10 days, for example, if we worked overtime, and your company paid for this.

*“Our production costs are very high. We cannot produce it for less than \$500”*

Here the speaker may really mean:

*“We could, however, produce a version for less than \$500, but it wouldn’t have as many as the features as the full \$500 version”.*

In Exercise 1 encourage the students to think of possible different meanings underlying each of the statements. Find out if the same principles apply in their own language and in their business culture. Suggested examples of signals are given in the list below. Hand these out to students when they have done Exercise 1.

Accept other answers which are logical alternatives.

You may need to pre-teach *concessions*, and the verb *to concede*.



## Exercise 1 - Answer key

These are suggested answers; there may be alternative hidden meanings not given here.

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

It is possible that we could meet the delivery date (under certain conditions).

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

It could be changed to meet the requirement.

*We cannot negotiate on this price.*

Our superiors/bosses can however negotiate.

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

Under other circumstances we can supply in units of less than 1000.

*We can discuss this price.*

The price is negotiable, but not now.

*We would never negotiate on price.*

We can negotiate what you get for that price.

*We cannot admit liability.*

We would settle on payments, privately.

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

We can however negotiate on price, quality and quantity.

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

We give discounts in certain situations.

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

Our maximum discount may be X% ( where X is between 1 and 15% ).....

*These are our standard terms of contract.*

Our contract terms can be changed to suit your requirements.

*Our price is very reasonable.*

This is our preferred price, but we might accept less.....

## Exercise 2

Exercise 2 may be done in class or set as homework where students are asked to look at each 'hidden' meaning and compare how it differs from the original statement both in terms of (a) meaning and (b) language feature. Examples of language features that signal a possible change in position are the use of modal verbs such as *can*, *could*, *might*, *may* and words such as *standard* and *normal*.

We have highlighted below the list with the signal words:

*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 normal 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.*

## Exercise 3

Students in employment should apply the principles to making statements about their own company's products and services, and show how these could be modified to signal a readiness to offer concessions.

## ***The Influence of Groups***

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### **The Risk Shift Phenomenon**

This set of activities on the influence of groups may be prefaced by a demonstration of the risk shift phenomenon, one of the symptoms of group-think. The demonstration can be quite impressive provided there is a sufficient number of participants, and particularly if those participants allocated to the group actually work as a group in the same company.

Usually a minimum of 12 participants (one group of 6 and 6 participants working alone) can produce risk shift results. At least 6 participants are allocated to the 'Group'. The effect may work with fewer participants, and if 2 or more participants normally work together put them in the Group. The Group is given the task described on the following page and asked to reach consensus. The remaining participants are asked to reach their decision individually. Copy and cut the handout on the next page.

The Group will take longer to reach consensus than those working individually, so arrange for additional activities for the latter as they finish first. The activity is best introduced before the presentation on Group-Think and Risk Shift.

At the end of the activity collate the results from individuals and the group. If the group has worked well together it will probably yield a higher proportion of adverse cases that it is prepared to accept than most of those who are working individually. If the demonstration works it is an effective lead in to the exercises in this activity.

If the demonstration fails to work you may wish to get all participants to consider why the risk shift phenomenon didn't emerge - after the first exercise on Group-Think.

### **Exercise 1**

Group or pair work setting the scene for the rest of the chapter

### **Exercise 2**

Individual, group or pairwork activity. Monitor for any unfamiliar vocabulary.

### **Exercises 3, 4, 5 and 6**

Individual activities best done as homework and reviewed in class.

► **Role information for group members**

You are a scientist working in a group doing research into a drug with miraculous cancer curing properties. The results are extremely promising and you have found that the majority of human patients treated with the drug completely recover, showing no signs of a malignant cancer.

However some proportion of patients respond adversely to the treatment and suffer extremely unpleasant side effects that include long term loss of the sense of touch. This proportion we will refer to as *the proportion of adverse cases*. Your group is under political pressure to release the drug into general use by the medical profession. Your group's future funding, and your job, depends on it. Your task is to agree and arrive at a group decision in response to the following question:

What is the minimum proportion of adverse cases that you would be prepared to accept before recommending the drug's release into general use by the medical profession?

Express your recommendation as a ratio: 1 adverse case per x recoveries

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► **Role information for individuals**

You are a scientist doing research into a drug with miraculous cancer curing properties. The results are extremely promising and you have found that the majority of human patients treated with the drug completely recover, showing no signs of a malignant cancer.

However some proportion of patients respond adversely to the treatment and suffer extremely unpleasant side effects that include loss of the sense of touch. This proportion we will refer to as *the proportion of adverse cases*. You are under political pressure to release the drug into general use by the medical profession. Your future funding, and your job, depends on it. Your task is arrive at a decision in response to the following question:

What is the minimum proportion of adverse cases that you would be prepared to accept before recommending the drug's release into general use by the medical profession?

Express your recommendation as a ratio: 1 adverse case per x recoveries

## ***Reaching a negotiated agreement***

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The section introduces *positional bargaining* as the type of negotiating that students will be most familiar with (although probably not by its name). We show that this type of negotiation has its flaws. Negotiating on merits is introduced as a preferred alternative.

### **Exercise 1**

The text may read by students outside class as homework. You may need to pre-teach *concession, to concede, compromise, entrench (in s/thing), stalemate, (legal) precedent*. Answers to the exercise are found in the text.

### **Exercise 2**

Students are asked whether the mother is intervening on the basis of interests or positions. The answer is that the mother is clearly taking a position. She's trying to be fair and to ensure that both sisters receive equal treatment.

Now tell the class the rest of the story:

Each of the two sisters take their half of the orange. Louise squeezes her half and extracts the juice to make an orange drink. Helen peels her half and uses the peel to decorate a cake. If the mother had negotiated on interests would the result have been different? Why ?

Ask students to discuss their answers with their partner. The correct answer is : If the mother had negotiated on interests she would have established why each sister wanted the orange and the needs of both sisters could have been met. The mother had incorrectly assumed that there was a conflict of interests. Had she focused on interests the mother would have realised that there wasn't any conflict.

### **Exercise 3**

This is a free practice exercise. Encourage students to think of situations where a staged approach to reaching a settlement was/is/will be necessary. Students do not have to be in a formal negotiation with a client (eg selling a product) to carry out this exercise. For example, the method could be used for the student to consider how to improve his/her working environment with an employer, or a local community situation with which they may be familiar. Assist the students with the planning of their answers as necessary.

## ***A Merger - Role Play***

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This activity provides students with the opportunity to practise and develop their language of meetings in a realistic case study. There is additional material that may be used to practice negotiation skills.

The case study is based on the merger of two of Britain's largest building societies in 1995. Although the basis of the case study is authentic the role play briefs are fictional.

In this activity the class is divided into two groups, one group plays the directors of the Western Building Society, the other group role plays directors of the NorthEastern Building Society.

The class should begin the activity by skimming and scanning the text summarising in a brief set of notes the possible consequences of the merger. Pre-teach any necessary vocabulary: *Building Society (a financial institution that operates now like a bank, originally designed to provide finance for home buyers), merger, mortgage, redundancy.*

The case study is designed for a maximum of 8 students, although it may be carried out with a minimum of 6 or 7 students. Allow a minimum of 90 minutes to complete all stages.

### **Stage 1**

Each student in the group is allocated a role in either the Western or the NorthEastern. The standard role briefs are provided below. Copy these and give one to each student. If there is a natural chairperson in the class you may wish to allocate the role of *Jonathan Ward* to this student. Allow students time to skim through, and to read their role in detail. Pre-teach language in all role briefs: *momentous, actuary (insurer), flotation, underpin, in arrears.*

### **Stage 2**

Western role players get together in one group whilst NorthEastern role players get together in another group. Keep the groups separate. The purpose of this activity is for role players to get to know each other's roles. Encourage students to ask for information and to give it. This stage may be kept brief. Monitor for language use and provide feedback at the end of this stage.

### **Stage 3**

In this stage give each student a copy of the draft agenda of the forthcoming meeting. Before issuing the draft agenda pre-teach *convene/reconvene (a meeting), to be indisposed, recess, AOB (Any other business)*. The financial figures are provided as background information so do not spend time interpreting these for students.

### **Additional roles for the negotiation**

If students are participating in a negotiation linked to the meeting then issue the additional information role brief. These give additional information about the role - the reasons why they are for or against the merger; reasons that are known only to themselves. These additional roles contain their hidden agendas and must not be disclosed to others, even to members of the same group (unless they feel that it is in their interests to disclose part of their hidden agendas).

Each hidden agenda is designed to create a situation in which students playing a role must negotiate with others, either in the same group or the other group if they are to resolve conflict. If students are not sure what to do, or have never role-played a conflict situation before, then encourage them to talk to you so that they fully understand what is happening (eg privately outside the classroom). The activity will work best if all students are aware of the power that disclosure or concealment of relevant information wields. Allow students adequate time to read and understand the additional briefing information before moving to Stage 4.

### **Stage 4**

Students return to their respective groups to discuss the agenda and to formulate their group's strategy before the main meeting between the two groups convenes. Where students have been given additional role information you will find that the group meetings are unlikely to run smoothly as individual role holders' hidden agendas start to influence their behaviour in the group. Monitor groups for language and also monitor to check that students are not freely divulging their hidden agendas, suggesting that they don't understand the principles of the role play.

You will need to give groups a strict time limit for this stage because it is extremely unlikely that conflict will be fully resolved. If you plan this activity to have a short break try and arrange it after stage 4 and before stage 5 commences. This not only gives students time to think about their roles and personal strategies for the role they play, but also gives them an opportunity for personal lobbying (you may hint that this is possible - but don't force the issue).

## **Stage 5**

This is the main meeting between the Western and the NorthEastern. It is best to set this up with an appropriate seating layout. A chairperson will have to be appointed. The case study design allows for one of the role players, *Jonathan Ward*, to assume this role, but allow the chairperson role to emerge naturally. If no chairperson emerges intervene and appoint one.

Once the groups start the meeting tell them that you will not normally intervene, but that if you do it will be through the chairman, and in the form of written notes to the chair. Stress the importance of two recesses, one called by each side, to review positions.

You may intervene, by writing a note to the chair suggesting a recess if there appears to be little progress, and about 5-10 minutes before the activity is to be concluded. Monitor for language use, for an error correction session at the end of stage 6.

## **Stage 6**

If students have thrown themselves into the role play then it is important that they have the opportunity to leave the role feeling no discomfort. Some of the additional role briefs have the potential of creating internal conflict within individuals and this conflict should be defused at the end; so allow students time to exchange their hidden agendas and discuss the strategies they had decided to use when they are 'outside' the roles. One approach here could be to ask students to guess each other's hidden agendas.

## **Skills practised**

Remind students that the skills practised in this case study cover question techniques, exploring needs, asking for, and making concessions.

## **Outcomes.**

The role play has been designed so that the outcome of the negotiation is most likely to be in favour of, or against, the merger by a slender margin. If there is an even number of role players there may be stalemate. Give the chairman the casting vote if you wish.

## **Standard Roles**

There are 4 roles in the NorthEastern Building Society and 4 roles in the Western Building Society. A minimum group size of 6 students is required for this role-play. For 7 students omit *Lowry* (the Western). For 6 students, drop *Milton* ( the NorthEastern ) in addition to *Lowry*. Allocate roles and give each student one of the role briefs that follow.



***Do not show this role sheet to any other student.*** In this case study you play the role of the person shown below, representing the Building Society shown. You may use the information given to tell the others about you and your views on the merger when you have your discussions with others in the Western and NorthEastern.

**ROGER BALL MA [ NorthEastern ]**

When you joined the Board of the NorthEastern as an Executive Director five years ago two things particularly impressed you:

- ◆ the blend of professional skills and experience of Board members and senior executives
- ◆ the thoroughness of the investigations and the quality of the debate about the momentous merger and Plc conversion issues.

You believe that history is made by leaders who move with the times. The NorthEastern Building Society is a leader and the time is right to proudly carry its traditions with the Western into Western plc.

With the trend towards convergence of financial services, you believe that an increased organisational size benefits customers today.

The merger will be a good cultural fit helping the NorthEastern become ‘the biggest’. Conversion will then make it easier to achieve the ‘people matter most’ standards of value for money and customer service which define the ‘the best’.

You are a Senior Partner of leading actuaries and consultants, Best & Wallace. As a director you would bring the professional experience you have accumulated, as a manager of insurance companies in the UK and abroad, to bear on Western’s strategy of expanding life, investment, household and other insurance-related services, and delivering sustainable value for money for its customers and ultimately shareholders from these services.

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**JOHN MILTON BA [ NorthEastern ]**

You have been an Executive Director (Group Finance Director) of the NorthEastern Building Society for the last 5 years with responsibility for the management of the Society's finance, audit, treasury and fund management activities. You also serve on the life, estate agency and fund management subsidiary boards.

You have been heavily involved in both the merger and flotation negotiations with the Western and, in particular, the development of the best form of share structure scheme for benefiting members financially.

You believe that the merger of Western and NorthEastern, and the subsequent conversion of the combined society to a public limited company, is in the best interests of members, customers and staff. The Society and its management have served its members and customers well.

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**CHARLES MASSEY MA [ NorthEastern ]**

You joined the main Board of the NorthEastern Building Society 4 years ago as a non-executive Director. Your main executive responsibility is Chairman of Strand plc, one of the largest independent public relations group in the world. You founded the company over 25 years ago. Your main experience lies in communications - primarily associated with organisations going through rapid change.

In addition, you are a member of the Arts Council of England where you are specifically responsible for the distribution of lottery money as Chairman of the Advisory Board to the National Lottery.

In the mix of interests which you pursue, you like to hold at least two positions of a charitable professional nature. Currently, you are Chairman of the Manufacturing Education Trust and the English Heritage Group.

You are against the proposed merger. You wish to point out that the merger will lead to additional costs which should not be borne by members. These costs will arise from:

- ◆ administration costs of the merger (eg advertising)
- ◆ the need to integrate the computer systems of both Societies at a cost that might be in the order of millions of pounds.

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**IAN CLARKE** B.Eng. FIPM. [ NorthEastern ]

You are a non-executive Director on the Board of the NorthEastern Building Society. You have served for over two years as a member of the Audit Committee and the Real Estate subsidiary.

Your background is in industry: for 10 years you were Chief Executive of IML Chemicals and you are currently Chairman of Excel Europe Ltd.

You are against the proposed merger and subsequent conversion to a plc because you believe it is not in the best interest of its members and employees. There are several reasons for this:

- ◆ closure of many branches, with loss of jobs
- ◆ high costs of the merger - the administration and of course the expensive legal fees of the merger and the conversion to a plc.

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**JONATHAN WARD MA [ Western ]**

You have been a Director of the Western for the last 7 years, and a Vice-Chairman for the last 3 years. You have also been Chairman of the Audit Committee since it was set up 6 years ago.

You have had wide general business experience: you were Chief Executive of McClintock Engineering plc for 11 years. You have been an independent (non-executive) director of a number of companies and are currently an independent director of Chesterton Printing Sciences plc and the Barrington Agricultural Group Ltd.

As Chairman of the Western Audit Committee you have endeavoured to ensure that the standards of service to members and other customers are maintained at the best possible levels, and that risk is eliminated.

You wholly support the merger and conversion proposals as being in the best long-term interests of savers, borrowers and employees.

The nature of the Building Societies Act, and increasing competition from clearing banks and others, will make it increasingly difficult for the Western to offer the full range of financial services products demanded by its members and customers without the benefits to be gained from merger and conversion. Conversion is also an effective way of offering financial benefit to members.

There will of course be initial costs, but in the medium and long term these will be exceeded by the benefits of a combined society.

You strongly endorse the Western's Mission Statement, 'to be the biggest and best personal finance business in the UK' and believe that the merger with the NorthEastern and conversion will be a major step to make that vision a reality.

Such strategic development will provide career opportunities, motivation for staff, security of savings for investors and further strengthen the management team and, therefore, provide your customers with better service through the enlarged organisation.

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**PETER JORDAN B.SC. [ Western ]**

You are an Associate of the Chartered Institute of Management Accountants and control Brandon Valley's Council's mortgage loans to local companies in Yorkshire.

You have recently been appointed to the board of the Western Building Society and are against the proposed merger with the NorthEastern because of the inevitable closure of branches and loss of jobs, together with the high costs of the merger.

You wish to

- ◆ have a full debate on the proposed changes to the constitution of the Western
- ◆ represent the interests of ordinary savers and borrowers

As an alternative to 'privatisation', you believe that members should be given every encouragement to participate in the Society's democratic processes. You support moves that would enable the Society to distribute part of its surpluses to existing members, for example, as extra interest on savings.

In your view, annual distributions would be better than the one-off sweetener of conversion to a Plc.

You are also a councillor in Cloverdale, a large town in Yorkshire, - a 'business' with a turnover of over £200m.

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**ANTHONY CALDERBY MA [ Western ]**

You joined the Board of the Western 4 years ago, after having retired as an Executive Director of the Bank of England. Since joining the Board, you have taken a full part in its debate on merger and conversion. The issues of fairness, and of maximising the benefits, to existing stakeholders were extensively discussed. You strongly support the proposals that have been put forward.

You believe that the interests of customers are best met by enhancing the Society's ability to provide attractive products at competitive prices. That object will be served by the proposed merger.

Members provide capital that underpins the Society's business. Conversion to a plc (after the proposed merger with the NorthEastern Building Society) will enable ownership of the Society to pass to members through the distribution of free shares. Those who choose to retain their shares will therefore be eligible for continuing distributions in the form of dividends.

A major financial services business such as the Western calls for a range of experience from the financial and business worlds. That was the basis on which you, and your fellow directors, were recruited to the Board.

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**STEVEN LOWRY MA [ Western ]**

You are an non-executive member of the Western Board. You are also a chartered accountant with many years experience, a chairman and chief executive of housing associations, and an experienced local councillor, and a board member of two pension funds.

At this stage you don't have a firm view about the proposed merger. You do believe however that building societies have not taken enough account of issues such as the difference between interest rates paid to savers and borrowers.

You would like to see a full debate on the proposed merger and conversion to plc, and the interests of savers, borrowers and employees protected.



## Negotiation Role Play Sheets

### Additional Role Play Information

The role sheets that follow are supplementary to the initial brief already distributed to students, if the negotiation stage is to be included in the role play. Each brief contains their hidden agendas as well as further general information. Make sure that students are aware that these briefs contain:

- ◆ additional information which they may use at appropriate points in the meeting, and
- ◆ their own personal hidden agendas which they **must not** disclose, unless it is absolutely necessary and is in their interests to do so.

These role briefs are to be distributed to students in Stage 3 *before* the main meeting of the two Building Societies.

*The following is some further personal information about you. You must not, under any circumstances let the other students in your group know the real reasons why you are for or against the merger, unless you can use it to your advantage.*

ROGER BALL MA [ NorthEastern ]

After the merger you are likely to become a director of the new Western-NorthEastern board, so you won't lose your job.

You will however lose out financially. You will be offered a new contract of employment at a slightly lower salary than you get now. See if you can negotiate for a higher salary. (Your major source of income is, however, the company in which you are Senior Partner, so salary is not a major source of concern - but you should try to improve it anyway).

The NorthEastern Building Society has a bonus scheme which is based on the annual performance of the NorthEastern. The Western does not have a bonus scheme. If you transfer to the Western any outstanding bonuses will be paid to you, but thereafter bonuses will cease.

*The following is some further personal information about you. You must not, under any circumstances let the other students in your group know the real reasons why you are for or against the merger, unless you can use it to your advantage.*

JOHN MILTON BA [ NorthEastern ]

After the merger you are likely to become a director of the new Western-NorthEastern board, so you won't lose your job.

You will however lose out financially. You will be offered a new contract of employment at a slightly lower salary than you get now. See if you can negotiate for a higher salary. You need it.

The NorthEastern Building Society has a bonus scheme which is based on the annual performance of the NorthEastern. The Western does not have a bonus scheme. If you transfer to the Western any outstanding bonuses will be paid to you, but thereafter bonuses will cease.

*The following is some further personal information about you. You must not, under any circumstances let the other students in your group know the real reasons why you are for or against the merger, unless you can use it to your advantage.*

CHARLES MASSEY MA [ NorthEastern ]

As a non-executive Director on the main board of the NorthEastern you will not be reappointed to the new Board unless the new joint Western-NorthEastern main board invite you to do so.

When the merger takes place, your existing post will no longer exist. You are not entitled to any compensation.

You will therefore need to persuade the Western to keep you on the main board. Here are some things you could do to persuade them:

- ◆ You're good at money management. You've managed to keep accounts in arrears (where borrowers have failed to repay loans) to £81.6 million (a total of 8,693 accounts). You believe that the corresponding figures for the Western are worse - so try to find out what they are, and use this information to influence the Western.
- ◆ Although you are against the merger, you might change your mind and vote for it if, the Western were to accept you onto the main board.

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IAN CLARKE B.Eng. FIPM. [ NorthEastern ]

As a non-executive director serving on the Audit Committee you are paid on a fee basis, not a salary.

After the merger it is likely that you will continue to serve as a non-executive director, but at a significantly lower fee than you currently receive.

You will however receive additional fees for serving on any board committee. You are most interested in serving on the Computer Systems Steering Group, responsible for reviewing the two Societies' computer systems, and being the chairperson of this group. Persuade the Western to let you do this (You might change your mind and vote for the merger if this happened).

You've also heard a rumour that many jobs will be lost as a result of the merger - as many as 5,000! But it is only a rumour, isn't it?

You've also heard that many of the branch offices will close, especially those that are located close together in main streets throughout Britain.

Your daughter works in a branch of the NorthEastern, just next door to a Western branch office. Will she lose her job?

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JONATHAN WARD MA [ Western ]

As a Director of the Western your job after the merger is secure. You want to see the merger work and will try to persuade those against the merger to change their minds - both in the Western and the NorthEastern. As a fair and reasonable person you are in a good position to volunteer to chair the main meeting between the Western and the NorthEastern.

You cannot guarantee any appointment to the new board after the merger. In fact some existing board members of both the Western and the NorthEastern will not be reappointed - but this information is strictly confidential.

Try and encourage the board to avoid excessive spending (eg fees to board members serving on various committees etc.)

You are sympathetic to claims for salary increases but, until the new board convenes, you cannot offer any guarantees.

Two things trouble you:

*Firstly*, the Western has 12,031 mortgage accounts where payments were 12 months in arrears. These arrears amounted to £109.2 million. You think that the NorthEastern is better at collecting accounts in arrears. You don't want to look foolish in front of your colleagues so try to avoid talking about this issue. Be prepared though - the NorthEastern may use the information as a bargaining point!

Secondly, after the merger, the combined societies will have about 28,000 full time staff. You have been told, in the strictest confidence, that 5,600 staff (20%) will be made redundant at the two Head Offices and in about 150 branches which will be closed down throughout the country over the next couple of years. You don't have exact details of which branches will close.

Branches due for closure are to be selected from those geographically close together (for example, those in the same street ).

You have been informed by someone close to the Royal Family that you might be knighted if you can persuade the members of both boards to agree to the merger. You'd then be Sir Jonathan Ward. But you mustn't let anyone know this.

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PETER JORDAN B.SC. [ Western ]

Privately, you think the merger is not a good idea because it would compete with the business which you already run - Cloverdale Council. You'd lose a lot of business because your customers may turn to the new society, not Cloverdale, for funds.

You are not sure whether there is a place for you on the new board after the merger. Perhaps if you were to obtain an important position on the new board you might be willing to change your mind and vote for the merger. One way of doing that would be to be in charge of the Computer Systems Steering Group, responsible for the merger of the two boards' computer systems. This way you would have influence over the boards' future plans - and have a seat on the board!

*The following is some further personal information about you. You must not, under any circumstances let the other students in your group know the real reasons why you are for or against the merger, unless you can use it to your advantage.*

ANTHONY CALDERBY MA [ Western ]

As a Director of the Western your job after the merger is secure. You want to ensure the merger works so try and persuade those against it to change their minds and vote for it.

As Chairperson of the Fees Committee you are free to propose and agree fees (but not salaries) for those serving on board committees. However you must balance this with the need to keep costs low.

You know that the merger will have a significant impact on Head Office and the branches. It is inevitable that some branches will have to close with loss of jobs, but you don't expect this to be very high . You think that someone said about 150 staff will be made redundant - the others will be found jobs in other parts of the merged society, but you're not sure.



*The following is some further personal information about you. You must not, under any circumstances let the other students in your group know the real reasons why you are for or against the merger, unless you can use it to your advantage.*

STEVEN LOWRY MA [ Western ]

You believe that following the merger you may not be reappointed to the new Board although you desperately want to serve on it.

You are neither for, nor against, the merger so you could be persuaded in either direction. Listen to the arguments for and against.

You have many ideas for improving the efficiency and effectiveness of the merged society. You think you could help out on the computer side. Doesn't your opposite number on the NorthEastern Building Society, Ian Clarke, have an interest in the Computer Systems Steering Group? When you get an opportunity (either before the main meeting, or during a break) go and chat to Ian privately.

You could also help to ensure that, if some branches close because of the merger, many of the jobs are protected. Think of some good reasons! This might help persuade the Western to keep you as a member of the Board.

Someone said recently that the costs of the merger will be very high. Find out if this is true.

## ***A Negotiation Case Study***

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### **East and West Malia**

This case study gives students the opportunity to practise all the skills that they have been taught in this unit. It is strongly recommended that students have studied and practised the activities on Dialogue Planning, the 5D Model and the RESPECT Model before they try this case study. The trainer's role is largely administrative (preparing the environment for the activity, and acting as timekeeper) and facilitative (ensuring that students understand the tasks, and encouraging the students to work as a team in all three stages).

#### **Stage 1: Planning**

Assign students to groups. Ideally there should be at least 4 students in each group. An absolute minimum is 2 students per group. Allow up to 30 minutes for students to read and assimilate their roleplays, plan their strategies and record their plans on the worksheet.

#### **Stage 2: The Negotiation**

Correct positioning of furniture and students is essential. The meeting is a formal one so it is best conducted with East and West Malia representatives facing each other. Allow each group the opportunity to call a recess when it wishes. If both groups initially adopt a positional bargaining approach they may reach a stalemate. You may have to intervene and suggest a recess that you call so that both groups can start thinking about interests rather than positions.

The overall duration of the negotiation will obviously but do allow two short breaks for teams to review their positions. You may find that the entire negotiation is dragging on (adopting positions rather than interests) or it may conclude very quickly as linked concessions are offered and accepted.

#### **Stage 3: The Debriefing**

Remember to allocate time to debriefing, for team players to step out of their roles, and for each to consider what they would have done differently and why. Reflect on other strategies teams could have adopted (if they hadn't done so). For example, team A could have asked for 'gold', a commodity that neither team possessed, but it would plant the incorrect thought in team B that A's commodities were different; individuals could have privately lobbied their counterparts during the breaks, if they hadn't done so.

## EAST MALIA

**Do not show this information to the team from West Malia**

You are a member of the government of East Malia, a remote and isolated country somewhere in the Middle East. Listed below are the commodities that your country both produces and needs in order to maintain a balanced economy. Your team includes the Prime Minister, Minister of Defense, Minister for Energy, and may include other cabinet ministers.

Due to your geographical location, you must negotiate with your neighbour, West Malia, to obtain the commodities you need, and to trade with them the commodities which are surplus to your requirements. A meeting has been arranged at which you will trade commodities. During this meeting each team may call for one adjournment in order to review its position. The commodities are listed below under the two columns.

You have a surplus if the number of units available exceeds units needed, and a deficit if the number of units needed are greater than units available.

	Units available	Units needed	Units at end
Copper	4	10	
Timber	6	18	
◆ Business Services	3	9	
Insurance	5	9	
Shipping	19	6	
Retail Trade	12	3	
Oil	12	4	
◆ Electricity	7	13	
Cereals	2	16	
Manufacturing	10	4	

When trading ends your success will be measured in the following way :

- ◆ *For any commodity which you need from the other team score one point for each unit gained*
- ◆ *For any commodity which is surplus to your requirements score one point for each unit traded to the other team*
- ◆ *At the end score two bonus points for each commodity when the number of units available equals the number of units needed*
- ◆ *In addition score three extra points for each unit gained for the two most important commodities marked Business Services and Electricity*

*Source: Modified GDP for two Nordic countries, 1994*

## WEST MALIA

**Do not show this information to the team from East Malia**

You are a member of the government of West Malia, a remote and isolated country somewhere in the Middle East. Listed below are the commodities that your country both produces and needs in order to maintain a balanced economy. Your team includes the Prime Minister, Minister of Defense, Minister for Energy, and may include other cabinet ministers.

Due to your geographical location, you must negotiate with your neighbour, East Malia, to obtain the commodities you need, and to trade with them the commodities which are surplus to your requirements. A meeting has been arranged at which you will trade commodities. During this meeting each team may call for one adjournment in order to review their positions. The commodities are listed below under the two columns.

You have a surplus if the number of units available exceeds units needed, and a deficit if the number of units needed are greater than units available.

	Units available	Units needed	Units at end
Copper	4	10	
Timber	20	8	
Business Services	15	9	
Insurance	10	6	
Shipping	2	15	
Retail Trade	6	14	
◆Oil	5	13	
Electricity	9	3	
Cereals	16	3	
◆Manufacturing	10	16	

When trading ends your success will be measured in the following way:

- ◆ *For any commodity which you need from the other team score one point for each unit gained*
- ◆ *For any commodity which is surplus to your requirements score one point for each unit traded to the other team*
- ◆ *At the end score two bonus points for each commodity when the number of units available equals the number of units needed*
- ◆ *In addition score three extra points for each unit gained for the two most important commodities marked Oil and Manufacturing*

*Source: Modified GDP for two Nordic countries, 1994*